CAREPA NEWS

CAREPA NEWS

華裔房地產專業協會新聞

2012 年 三月號 March **2012**

President's Message ~會長的話

On March 9, CAREPA has scheduled a tour to the City of Hope, thanks to the assistance of Mr. Noel De Leon. Participants who have signed up for this tour will visit the facilities and listen to presentations regarding research in diabetes, lung cancer and breast cancer.

Our 2012 Real Estate Conference and Expo is scheduled on April 28 at the San Gabriel Hilton. There will be many exhibitors and speakers who will talk on issues pertaining to the real estate industry, short-sales, foreclosures, loan modifications… etc. It is my hope that CAREPA will provide viable information to the real estate communities on the various options available when dealing with distressed properties. I encourage you to be an exhibitor, sponsor or speaker. Please contact Lucia Tam for more information. If you know of anyone who can benefit from this event, please invite them to come. It is open to the public and there is no admission fee.

March speaker, Rick Fuentes, will talk about "Green Plumbing". Nowadays, with everyone's concerns with environmental preservation and conservation, it is most important to learn how we can contribute to it in our daily life. I would like to invite each of you to invite at least one friend to attend.

Our membership drive is in effect until April 30, 2012. If you bring in 3 new members, your membership will be extended for 6 months. If you bring 5 members, your membership will be extended for one year. To qualify as a new member, he/she must not have been a CAREPA member for at least one year. Let's invite our friends and colleagues to join. Together we can increase the number of professionals who can benefit from the services CAREPA provides. Let's bring them into our CAREPA family.

Please log into our website www.carepa.org for updates and membership information.

Have a great St. Patrick's Day on March 17.

Very truly yours,

Brian H. Chen, CRS, GRI, SRES
2012 CAREPA President

Why Fannie and Freddie are Hesitating to Help Homeowners

February 2, 2012 ProPublica Staff
United States (ProPublica) – by Cora Currier

ProPublica and NPR detailed how Freddie Mac placed bets against homeowners that paid off if borrowers were unable to refinance their mortgage loans. The story highlighted the conflicted role of the behemoth and now government-controlled Freddie Mac and Fannie Mae: They are at once supposed to maximize their profits and thus pay back taxpayers, but they are also now government wards and many feel should be helping the millions of Americans struggling to stay in their homes.

Here's our attempt to explain Fannie and Freddie's role in the housing market, and why it seems like their actions often go against the interests of homeowners.

What are Freddie Mac and Fannie Mae supposed to do?

Fannie and Freddie were created to make homeownership more accessible. They are Government-Sponsored Enterprises — private companies chartered by the government to expand access to credit, particularly for low and mid-income homeowners, and to foster stability in the mortgage market. Fannie Mae was founded as a government institution during the Great Depression and privatized in'68. Freddie Mac has been private since it started in'70. But "private" is not exactly the right word — Freddie and Fannie are exempt from most state and local taxes, some S.E.C. regulations, and they have access to a credit line from the federal government. And they still have their chartered obligation to make mortgages more available.

Fannie and Freddie can't make loans directly. Instead, they guarantee existing mortgages, and repackage and pool them into bonds called mortgage-backed securities. Someone who buys the bonds from Freddie gets the interest and the original principal, even if a homeowner defaults. In exchange for that guarantee, Freddie collects a fee from the buyer of the bonds and can use that to guarantee more mortgages. (Or to buy mortgages that stay in their portfolio). This handy New York Times graphic shows the various flows of debt: The idea is that by basically ensuring that someone (often Freddie or Fannie) will guarantee a mortgage, it makes it easier for anyone to get a mortgage.
So how did they get so big?

Because Fannie and Freddie have been able to borrow lots of cheap money.

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continued from front page

For years, investors have loaned them money at lower than average interest rates, allowing Fannie and Freddie to expand their portfolio of mortgages and securities. As a history compiled by the Congressional Budget Office shows, investors have treated Fannie and Freddie as essentially risk-free. The assumption, which turns out to be correct, was that the government would never let Fannie and Freddie fail. The two companies used that windfall not only to invest in more mortgages, but also tried to increase its profits by pouring money into a variety of fancy financial instruments.

Fannie and Freddie became, as the New Yorker's James Surowiecki described them, the "duck-billed platypuses of the financial world;" strange institutions with the perceived safety of a government guarantee, and the high-risk strategies of a private corporation. And that led them to become the giants of the mortgage market, managing a massive portfolio of debt. In 2008 they had a combined $5 trillion in debt and guarantees.

Why are taxpayers on the hook for their mistakes?

The bubble burst — and Fannie and Freddie's execs had overreached.

In the last stretch of the boom, the two companies had loaded up on iffy mortgages. When the housing market began to turn in mid-2006, delinquency rates rose, increasing the chance that Fannie and Freddie would have to make good on their guarantees. Compounding their problems, it became harder for Freddie and Fannie to borrow money as concerns mounted about the companies' health. In the mid-2000s, they admitted to overstating earnings and billions of dollars' worth of accounting errors.

By 2008, they were in trouble. That $5 trillion in debt and guarantees was backed by only $80 billion in core capital. The federal government took them over, becoming the major shareholders of both companies, while the Fed bought up most of their debt and the Treasury pledged to cover their losses. The taxpayer buyout of the two companies has cost roughly $169 billion to date.

The SEC filed a lawsuit against the companies' executives this December, accusing them of misleading investors about the riskiness of their investments.

The companies' high compensation of their executives has also been under fire from Congress. Although the bailout calls for Fannie and Freddie to wind down their portfolios of mortgages, they continue to make billions of dollars' worth of risky investments, like the "inverse floaters" we described.

So do Fannie and Freddie actually help homeowners? And why can't the government force their hand?

The companies say that by bolstering the companies' finances, they are helping to stabilize the housing market as a whole, but Freddie and Fannie have hampered many of the administration's plans for relief for struggling homeowners. The two report to a regulator called the Federal Housing Finance Authority, which, since the bailout, has acted as their board of directors and shareholders, making their major decisions. In the wake of our story, the White House and several senators called for more oversight and an explanation as to why Freddie's investment strategy seems to run counter to their mandate to help homeowners.

More broadly, the Obama administration and the head of FHFA, Edward DeMarco, have often clashed over the goals of the companies.

This week, Obama outlined a new set of initiatives aimed at making it easier for homeowners to refinance and encouraging loan forgiveness. But Fannie and Freddie have previously refused to participate in loan forgiveness programs, and they continue to tussle with the administration on the issue. (It seems unlikely that any of Obama's proposals will get through Congress, and ProPublica has documented extensive problems with similar programs aimed at preventing foreclosures).

The two aims of Fannie and Freddie are continually at odds — policies encouraging refinancing and forgiveness for more mortgage holders can increase costs to the taxpayer-owned companies. While the administration has made relief for homeowners their priority, DeMarco says his agency's priority is to protect Fannie and Freddie's profits, aka taxpayers' assets. Of course, many taxpayers are those same struggling homeowners, and that is at the heart of the dilemma over Fannie and Freddie's future.

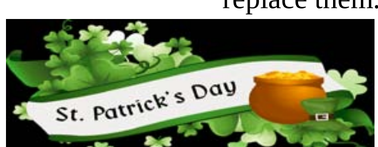
Sen. Barbara Boxer, D-Calif., told NPR she was shocked by a recent meeting with DeMarco. "It was the worst meeting I've ever had in my life," said Boxer. "His interest is making sure Fannie and Freddie do well financially."

Will they be around much longer?

Probably, even though there's rare bipartisan consensus that they shouldn't be.

Both the Obama administration and congressional Republicans want to get rid of Fannie and Freddie. Obama's plan gradually winds them down to a position equivalent to private sector mortgage companies, while giving the market time to adjust to their removal, while the Republicans want a more immediate rollback of their influence.

These plans were unveiled almost a year ago, but the companies are still massively important to the mortgage market, guaranteeing approximately 70 percent of the country's home loans. Their elimination might make it more difficult to get a mortgage loan, and it remains unclear what kind of assistance for homeownership could, or should, replace them.



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MARCH 14, 2012

6:30PM

SPEAKER

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TOPIC

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APRIL 28, 2012

9am ~ 5pm

San Gabriel Hilton

225 W. Valley Blvd., San Gabriel, CA 91776

Exhibition Booth and Speaking Sessions available
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Luncheon 11:30am ~ 1:30pm
Tentative Speakers
LeFrancis Arnold, 2012 CAR President
Honorable John Chiang, California State Controller

FOR INFORMATION AND RESERVATION,
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information subject to change

U.S. Home Prices Seen Flat in 2012, S-l-o-w-l-y Rising in 2013: Poll

By Leah Schnurr

January 15, 2012 7:51 AM EST

The five-year slide in U.S. home prices will stop this year, followed by the start of a weak recovery next year, according to a Reuters poll that also showed economists split on whether the government would make new efforts to support the market.

A poll of 23 economists and analysts found a consensus for no change in the S&P/Case-Shiller home-price index in 2012, compared with a median 0.3 percent decline that was forecast in the last poll in November.

Many say that a recovery in the housing market is a key requirement for any vigorous rebound in the world's largest economy. The spectacular collapse in U.S. housing -- leading to average prices plummeting by one-third -- was the trigger for the 2007-2009 financial crisis and related recession.

Transcripts released on Thursday of Federal Reserve policy meetings in 2006, the year before the crash, showed its officials thought the market was stabilizing, even as late as December that year. Private-sector economists did no better.

The meager 1.5 percent gain expected in 2013 will offer little comfort to the millions of Americans trapped in negative equity -- owing more to their mortgage lenders, and in some cases much more, than their houses are worth.

"I think we are seeing stabilization, but unfortunately it's stability at the bottom," said Lindsey Piegza, economist at FTN Financial, describing the grinding halt to several years of relentless price declines.

The average price of a U.S. home is currently around where it was nine years ago, and the most recent data from October showed price declines still accelerating.

The market remains under pressure from an excess of homes available for sale. Fifteen of 20 respondents said monthly foreclosures should subside this year, while five didn't see any let-up until next year.

Gains in home sales and new-home construction in November and recent improvement in homebuilder sentiment added only a touch of optimism at the end of last year.

Even so, while the gain expected during the next two years is tiny compared with the more than 30 percent plunge from the peak in 2006, it is still a more cheery outlook than in some other parts of the world.
A recent Reuters poll predicted British home prices, which have not dropped anywhere near as far as they have in the United States, will slip 1.7 percent this year. In China, they are expected to fall 10 to 20 percent.

Government Push?

U.S. economic data have been encouragingly upbeat over the past few weeks, certainly compared with Europe.

But the recovery remains fragile, and it will be hard-pressed to make stronger gains without greater improvement from the housing market, making it a key issue in an election year.

The Federal Reserve last week outlined a number of steps that could be taken to help the market, but the political gridlock that characterized 2011 is expected to persist in the run-up to this November's elections and could get in the way.

Those polled were evenly split on whether the Obama administration would undertake a new plan to support housing using government-run mortgage-finance firms Fannie Mae and Freddie Mac this year, with 14 saying yes and 14 saying no.

In a paper sent to lawmakers last week, the Fed said Fannie and Freddie could play a bigger role in stabilizing the market. Its array of suggestions included allowing the agencies to provide cheaper mortgages to a broader swath of homeowners, as well as expanding the government's main refinancing program.

"I think what we're likely to see is further eligibility for refinancing on the government balance sheets, so essentially more and more homeowners being able to take advantage of refinancing programs [and] loan modifications," said FTN Financial's Piegza.

The Fed also said a plan to turn foreclosed homes into rentals should be considered.

"If well-designed, the [real estate owned]-to-rentals plan could shift a number of vacant properties to the rental market, alleviating some of the downward pressure on home prices and upward pressure on rents," said Yelena Shulyatyeva, economist at BNP Paribas.

With interest rates already near zero and likely to stay there for years, the majority of economists did not think another round of purchases of mortgage-backed securities by the Fed would materially improve the market.
Eighteen economists said MBS purchases would not materially help housing, while 11 said it would.

"Fed purchases of MBS would lower rates marginally, but the problem isn't high rates, it is overly stringent lending standards," said David Crowe, chief economist at the National Association of Home Builders.

The average 30-year mortgage rate for the year was seen at 4.15 percent.

Rates have dropped steadily since the collapse of the housing market and as the Fed has kept interest rates near ultralow levels. In 2006, the peak of the market, the annual average fixed rate on 30-year conforming loans was 6.41 percent, according to data from Freddie Mac.

(Polling by Namrata Anchan and Deepti Govind in Bangalore; Editing by Ross Finley and Patrick Graham)

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Chinese American Real Estate Professionals Association

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2012 REAL ESTATE CONFERENCE AND EXPO

Saturday, APRIL 28, 2012

OPEN TO THE PUBLIC ~ NO ADMISSION FEE

San Gabriel Hilton

225 W. Valley Blvd., San Gabriel, CA 91776

9:00 AM – 5:00 PM

WORKSHOPS/SEMINARS

該 項 活 動 其 他 議 程 包 括

Real Estate Home Loans
(loan modification, refinance)

Short Sales/REO
Energy Conservation
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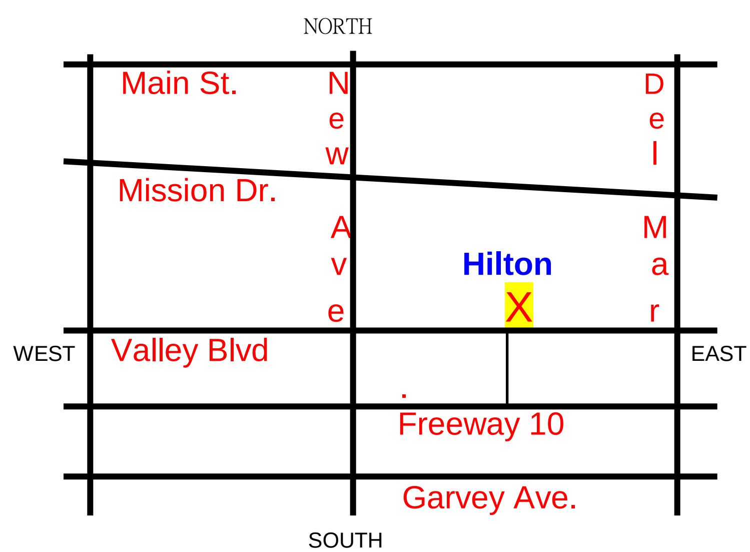
Real Estate Laws
Remodeling
(kitchen, bathroom, additions)

Green Architecture
Maintenance/Repairs
(floor, hvac, plumbing)

"A WORLD OF SOLUTIONS"



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Saturday, APRIL 28, 2012

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- Press release conference ~ 記者會
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10' deep x 20' wide booth w/6 table, trash can & chairs
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Half page advertisement in program book
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Exhibition Booth ~ 參展攤位價目

☐ **$ 400 –** 10' wide x 10' deep w/6' table, trash can & chairs
一個 10 呎' X 10 呎攤位與 6 呎桌子、椅子及垃圾桶。

☐ **$ 300 –** for CAREPA members

☐ **$ 350 –** additional exhibition booth ~ 每附加一攤位

☐ **$ 250 –** additional exhibition booth for members

☐ **$ 400 –** BALLROOM FOYER 8'x 5'with 6 table & chairs)
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☐ Full page advertisement in program book $ 500
參展手冊全頁廣告版面

☐ Half page advertisement in program book $ 300
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- Display banners can only be a maximum of 8 feet in width.
- Table size: 6 feet in length.
- Electricity available. You must bring your own extension cords.
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- 攤位有限，以先付費者得方式訂位。請廠商預先訂位，以免向隅。
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LUNCHEON $50/person (ticketed event)
Number of seats ______ Total $ _______

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Submit one registration form per person or company. Contact information listed below will be listed on program handouts.

First Name: ______________________ Last Name: ____________________ Title ___________________________

Group or Company Name: ____

Address: ____ City: ____________________ State: _______

Zip Code: ___________ Work Phone: (_____) __________________ Cell Phone: (_____) ____________________

E-mail Address: ____________________________________website ______________________________________

Signature: ______________________________________ Date: ___________ Received________ Amount $_______
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FOR OFFICE USE ONLY

[California Commercial Leases And Subrogation Waivers What You Need To Know About Their Meaning And Use]

February 7, 2012, by Law Office of James J. Falcone

California commercial leases and rental agreements often contain a waiver of subrogation clause. While important, it is often misunderstood or overlooked, even though at its best it benefits both the landlord and the tenant. Parties negotiating leases will want to consult with an experienced Sacramento and El Dorado leasing attorney.

Generally speaking, one who makes payment on another's behalf payment becomes entitled to be subrogated to the other's rights. If I have agreed to insure your house, and I paid to repair fire damage to the house, I am subrogated to your rights to recover from anyone who was liable for the fire. That means I can sue them for damages. The waiver of subrogation prevents this. In commercial leases, the clause refers mostly to insurance.

How does it work?
In most leases, the lessor is required to maintain insurance for the building. The lessee contributes their share towards the premium payment as part of the rental agreement or common expenses. The lessee/tenant is required to have insurance for their personal property and leasehold improvements.

Example 1: The tenant accidently causes a fire that burns the building down. The landlord makes a claim against their insurance policy, and is paid. Ordinarily, the insurance company now steps into the shoes of the landlord (is subrogated to the landlord's rights) and has the right to sue the tenant for damages cause by the tenant's negligence. A waiver of subrogation by the landlord prevents the insurance company from going after the tenant.

Example 2: The lessor accidently burns the building down. The lessee makes a claim to its insurance company for the lost personal property. The insurer pays off the lessee, and now has a right to go after the landlord. The tenant's waiver of subrogation prevents this.

A mutual waiver of subrogation clause takes care of these concerns.

Two Typical Provisions Limited to Insurance:
1. Landlord and Tenant agree to cause the insurance companies issuing their respective property (first party) insurance to waive any subrogation rights that those companies may have against Tenant or Landlord, respectively, as long as the insurance is not invalidated by the waiver.

2. The parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

Broader Provisions:
The parties may agree, and the lease provide, for even broader waivers of subrogation that goes into the parties claims against each other. In such a case, the landlord and tenant would be relying ONLY on the insurance coverage to make them whole in the event of loss, and waive direct claims they have against each other.

An example is:
"Landlord and Tenant each hereby waive any and all rights of recovery against the other or against the officers, employees, agents and representatives of the other, on account of loss or damage occasioned to such waiving party or its property or the property of others under its control, to the extent that such loss or damage is insured against under any fire and extended coverage insurance policy which either may have in force at the time of such loss or damage."

Waivers of subrogation may also be applied to liability insurance policies- I have only discussed property insurance above. The choice of breadth of the waiver is something the parties have to determine themselves, and negotiate for their best position. For absolute safety, each party should confirm, by reviewing the other's policy, that the waivers are included. All told, waiver of subrogation is an important and beneficial provision that is often overlooked.

Posted by Law Office of James J. Falcone |
Posted In: commercial lease, real estate law

California Commercial Building Owners and Landlords Soon To Be Required To Report And Disclose Energy Use During Lease, Lending and Sale Transactions

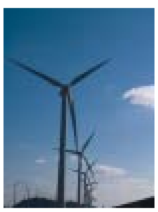
February 1, 2012, by Law Office of James J. Falcone

In 2009 the legislature enacted a law requiring that, during lease of the entire building, lending, or sale transactions for nonresidential buildings, owners must disclose "energy ratings' developed by the U.S. Environmental Protection Agency. A sliding schedule of compliance is required, with the largest buildings starting in July 2012. Beginning July 2013 all size buildings will be required to comply. Commercial property owners may want to consult with an experienced Sacramento or Yolo Real Estate attorney regarding these transactions.

Under the new law, beginning in 2009 utility companies have been required to keep energy consumption records in a format compatible with the EPA's Energy Star Portfolio Manager database. The law requires owners to use the data to benchmark the building's energy use using the U.S. EPA Portfolio Manager system in advance of certain financial transactions, and to disclose statements of the building's energy usage to potential buyers, lessees, and lenders.

The California Energy commission published proposed regulations last August which established the following schedule:
July 1, 2012: disclosure by owners of buildings larger than 50,000 square feet;
January 1, 2013: disclosure by owners of buildings larger than 10,000 square feet, but less than 50,000;
July 1, 2013: disclosure by owners of buildings less than 10,000 square feet.

The steps required by covered nonresidential property owners are as follows:
1. At least 30 days before entering a contract to sell, lease or borrow against the entire property, the owner must register with the EPA's Energy Star Portfolio Manager.
2. The owner must then instruct their utility providers to upload their data on the building's energy use to the owner's account at the website.
3. The building owner must then use the Portfolio Manager account to generate a "Statement of Energy Performance" for the building, and a "California Energy Performance Report." This will provide the EPA's benchmarking data and ratings for the most recent 12-month period for the subject building.



In addition to creating a database of commercial building energy use in California, this new law will provide buyers and renters (of whole buildings) with energy consumption statistics for comparison with competing properties. In the case of triple-net leased properties, this will require disclosure of information regarding tenants use of the property, which may face some resistance. While commercial leases generally require tenants to conform to all laws, landlords will want to consult their leasing attorney regarding including requirements of disclosure in the lease. Building owners may also want to more aggressively manage their building's energy use, as a better grade can argue for a better price in the commercial real estate market. While the regulations are currently in draft form, their ultimate adoption is inevitable and owners must take notice.

Over 95% of Refinancing Borrowers in U.S. Choosing Fixed-Rate Mortgages

Posted by David Barley 02/15/12

Frank Nothaft

Based on Freddie Mac's Quarterly Product Transition Report released this week, in the fourth quarter of 2011, fixed-rate loans accounted for more than 95 percent of refinance loans.

Refinancing borrowers clearly preferred fixed-rate loans, regardless of whether their original loan was an adjustable-rate mortgage (ARM) or a fixed-rate.

Frank Nothaft, Freddie Mac's chief economist says, "Fixed mortgage rates averaged 4.00 percent for 30-year loans and 3.30 percent for 15-year product during the fourth quarter in Freddie Mac's Primary Mortgage Market Survey, well below long-term averages. The Bureau of Economic Analysis has estimated the average coupon on single-family loans was about 5.2 percent during the fourth quarter of 2011. It's no wonder we continue to see strong refinance activity into fixed-rate loans."

Key Highlights:

- An increasing share of refinancing borrowers chose to shorten their loan terms during the fourth quarter. Of borrowers who paid off a 30-year fixed-rate loan, 43 percent chose a 15- or 20-year loan, the highest such share since the first quarter of 2003.

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Southern California Home Sales Flat in January

By DQNews.com 02/15/12

The Southland housing market started 2012 with slightly higher sales and slightly lower prices despite record-low mortgage interest rates. Home sales skewed toward the lower price ranges, which is normal for January, as many traditional buyers retreated and investors snapped up homes at a record level, a real estate information service reported.

A total of 14,523 new and resale houses and condos sold in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties last month. That was down 24.5% from 19,247 in December, and up 0.4% from 14,458 in January 2011, according to DataQuick of San Diego.

Sales have increased year-over-year for five of the last six months. The sharp sales decline from December is normal for the season. Last month's sales count was 17.8% below the 17,671 average for all the months of January since 1988.
A total of 669 newly built homes sold in January, the lowest number for any month since DataQuick started keeping track in 1988.

"January numbers have never been very good at providing an indication of what upcoming activity will be like. For that we need to wait until March. What we can determine is that the mortgage market remains dysfunctional. It will be interesting to see how a potential surge of refinance activity plays into the purchase market once the administration's new guidelines are implemented," said John Walsh, DataQuick president.

The median price paid for a Southland home last month was $260,000, down 3.7% from $270,000 for both December and January last year. The median was the lowest since $249,000 in May 2009. The median's low point for the current real estate cycle was $247,000 in April 2009, while the high point was $505,000 in mid 2007. The peak-to-trough drop was due to a decline in home values as well as a shift in sales toward lower-cost homes, especially inland foreclosures.

Distressed sales made up more than half of January's resale market.

Foreclosure resales -- properties foreclosed on in the prior 12 months -- made up 32.6% of resales last month, up from a revised 32.4% in December and down from 36.8% a year earlier. Foreclosure resales hit a high of 56.7% in February 2009 and a low of 32.8% last June.

Government-insured mortgages to increase

Home Press Room Government-insured mortgages to increase

Thursday, March 1 2012 - By Autumnn Darden

According to a recent announcement, government-insured mortgage costs are expected to increase.
The Federal Housing Administration recently announced that the cost of government-insured mortgages will increase for new homebuyers in the United States.

The FHA stated that it will raise the up-front fees on the mortgages the agency insures in an attempt to increase its decreasing capital and encourage private lenders to come back into the market.

The FHA backs close to a third of all new mortgages in the United States, but said the premiums it charges to insure mortgages will increase by 75 basis points, which equals 0.75 percentage points, on most 30-year loans.

"This change should reduce FHA volume, but we question how much this will benefit the banks," said Jaret Seiberg, Guggenheim Partners analyst, to Reuters. "The banks may decide to portfolio some of these loans, but we believe the vast majority will still be sold to Fannie and Freddie."

The agency is also planning to collect about $1 billion from the Obama administration's settlement with the country's largest lender over irregular foreclosure paperwork.

According to a recent Wall Street Journal article, mortgages could possibly be lower, but the spread between mortgage rates potential homebuyers see and the benchmark interest rate investors ask for is keeping the industry from recovering quicker, which might keep Americans from securing moving trucks to move into new homes.

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- Fifty-eight percent of borrowers who had a hybrid ARM transitioned to a fixed-rate loan during the fourth quarter, while the remaining 42 percent chose to refinance into the same type of product.

Nothaft further commented, "For borrowers motivated to refinance by low fixed-rates, they could obtain even lower rates by shortening their term. Compared to a 30-year fixed-rate mortgage, the interest rate on 15-year fixed was about 0.7 percentage points lower during the fourth quarter. And for borrowers who plan to remain in their current home for only a few years, the hybrid ARM allows for even a greater interest-rate savings. The initial interest rate on a 5/1 hybrid ARM was about 1.1 percentage points lower than on a 30-year fixed-rate loan."

Mortgage rates could be lower

Home Press Room Mortgage rates could be lower
Thursday, March 1 2012 - By Landon Myers

Homeowners may breathe a sigh of relief with mortgage rates expected to go lower.

Mortgage rates have teetered around historic lows in the past few years following the economic collapse that left the country in a recession. Now, according to a recent Wall Street Journal article, mortgage rates should be lower based on a historical measure.

The Journal reported that housing is still dragging on the economy, and the spread between mortgage rates potential homebuyers see and the benchmark interest rate investors ask for to buy bonds backed by home loans is keeping the industry in a slower recovery.

A key interest rate on mortgage-backed securities, which is known as the current coupon yield, has decreased faster than the average U.S. 30-year mortgage rates. The spread between mortgage rates seen and benchmark interest rates investors ask for was 0.96 percent, which is almost double its average over close to 30 years.

"To me what it tells us is that traditional monetary-policy measures to help get the housing market rolling again are weaker than they normally would be," said Frederic Mishkin, Columbia University official and former Federal Reserve governor, to the source.

Data from the Mortgage Bankers Association's Weekly Mortgage Application Survey showed that mortgage applications for the week ending February 17 decreased 4.5 percent from one week earlier.

Despite the drop in spread in mortgage rates and the benchmark rate and the recent drop in applications, home loans can still be secured for historically low interest rates. Homebuyers looking to save even more money after acquiring favorable financing on a purchase might research moving pods, which are an affordable way to relocate.

Homeowner Insurance - Tips to Buying Homeowner Insurance
How to Save Money on Your Homeowner Insurance Policy

By Elizabeth Weintraub, About.com Guide

Shopping for homeowner insurance is one of those nagging home buying details that sometimes manages to slip through the cracks. It's not unusual for insurance agents to receive last-minute frantic phone calls from title and / or escrow companies requesting a home insurance binder. To save yourself trouble, it's a good idea to start shopping for a homeowner policy as soon as your purchase offer is accepted. Here are a few tips about buying homeowner insurance that are designed to save you time and money:

Determine Insurability
Your insurance agent needs extensive information from you to quote you the best rate for your policy. To determine insurability, an agent will ask:

- When was the home built?
- How old is the plumbing and electrical?
- What type of roof?
- What's the square footage?
- How many claims have been filed over the past 5 years?
- Where is the home located?

If the home is located in a rural area without a nearby fire department or there is no fire hydrant on the street, some companies may refuse to insure it. In that case, you may have to inquire at a specialty or surplus-lines company, and this quote will take longer to obtain.

Deductibles
You can save money by having a higher deductible on your policy. Typically, insurance companies will start giving discounts at a $500 deductible and increase the discount as your deductible increases. Most companies offer deductibles up to $10,000. Be careful, however, because many mortgage companies will not allow you to exceed a $1,000 deductible, so check with your lender before opting for a higher deductible.

How Much Insurance Do You Need?
Most agents use a cost estimator to figure cost replacement estimates. This will ensure that your home is insured for the correct amount. Insurance companies do not insure dirt. If you buy a home that includes a large lot, do not be astonished when you receive an insurance policy for a lot less than what you paid for the home. This is because you are buying coverage for the home and not the land.

In the past, replacement coverage was called Guaranteed Replacement Cost. There is no such coverage anymore. Today it is Replacement Cost Coverage, which means each insurance company designates a percentage of additional coverage on top of the insured amount. This is designed to protect the homeowner who has suffered a loss from having to pay additional construction costs to rebuild. It can cost more to build because of inflation or simply because material prices have increased. For example, if the dwelling coverage is insured for $300,000, and the company has 125% replacement cost coverage, the homeowner would receive an additional $75,000.

I recommend 200% replacement cost coverage, which gives homeowners double the coverage.

Policy Options
You have other choices on your home insurance policy. that you can tailor. Liability coverage is a part of your homeowner's insurance policy that is often overlooked. This protects the insured against claims arising from bodily injury and property damage to others. For example, if your five-year-old was playing with matches and set your neighbor’s house on fire, your liability coverage would pay for this damage. You might have to move out of the neighborhood, but your insurance policy would pay your neighbor.

It is common to see $300,000 in coverage for liability, but the cost to raise it to $500,000 is about $20 more a year. You can have up to one-million coverage on most policies. Over that, you need an excess liability policy or “umbrella” policy. Umbrella policies give you an additional $1,000,000 liability coverage for a $300 to $500 premium.

Available Discounts
Make sure that you are getting all of the credits for which you are eligible. If you have an alarm system that reports to a central station (a company such as Brinks or ADT), in some cases, you can get up to a 10% discount. If you are over 50 and care to admit it, you may be eligible for a discount. Companies have different names for age preference policies, from senior discount to mature policyholder discount.

The most common discount is the multi-policy discount. This will save you money on your home and auto insurance. By combining the two policies with the same company, you are given a certain percentage discount on both. the percentage discounts vary among companies, so it’s best to shop around.

Review Your Policies
Call your agent and review your homeowner policy at least every three years. Needs change, markets change and coverages change. You should stay up-to-date on your insurance because you never know when you will need to rely on it.

Fannie Mae Begins Marketing Foreclosed Homes as Rentals

A pilot program would offer fore-closed properties to investors in bulk in return for keeping them as rentals.

By Alan Zibel and Nick Timiraos

Fannie Mae plans to sell nearly 2,500 foreclosed properties to investors in the first phase of an initiative to aid the U.S. housing market through bulk sales of distressed homes.

The company’s regulator, the Federal Housing Finance Agency, on Monday released details of a planned pilot transaction under which the government-controlled mortgage-finance firm will offer the properties to investors in bulk and require those investors to rent them out.

The program is designed to test the market for larger sales of foreclosed properties that haven’t yet been converted to rentals. Fannie is starting off by selling homes that were already rented out when the company acquired the property through foreclosure.

Investors and nonprofit groups will be able to bid on homes in eight locations, including Los Angeles and Riverside, Calif., which account for around 23% of the units being marketed, and Atlanta, which accounts for 21%. The other locations include Southeast Florida (15%), Phoenix (14%), Las Vegas (9%), Florida's west coast (7%), Central and Northeast Florida (7%), and Chicago (4%).

Investors will be able to submit bids on the entire portfolio of properties, but also will be able to submit offers on all the properties in any given market. The FHFA didn't specify a timeline for the auction process, but the pilot sales could take place over the course of several months, said people familiar with the matter.

The 2,490 properties being marketed by Fannie have 2,854 units, 429 of which are currently vacant. More than 1,700 are single-family homes, while more than 500 are condominiums. Credit Suisse has been retained as Fannie's financial advisor on the sales.

The Obama administration, Federal Reserve officials and economists have encouraged Fannie Mae and other federal housing entities to consider renting out foreclosures because many housing markets are seeing strong demand for rentals even as home prices remain under pressure from a glut of foreclosed properties.

The initial round of sales is unlikely to have much of an impact on these housing markets because the properties are already rented. They represent a tiny sliver of the more than 140,000 foreclosed properties that Fannie currently owns.

It isn't clear yet whether Fannie will sell the properties outright, or whether the mortgage-finance company will keep a stake in a joint venture.

The FHFA began seeking initial pre-qualification applications for investors earlier this month. The regulator said in a statement on Monday that investors would have to go through a "rigorous" process to be eligible to bid on the properties. A FHFA spokeswoman said there has been "significant interest" from investors, but declined to say how many have applied.

In a prepared statement, Edward DeMarco, the FHFA's acting director, said the initiative is "designed to reduce taxpayer losses, stabilize neighborhoods and home values, shift to more private management of properties, and reduce the supply of [foreclosed] properties in the marketplace."

Investors are being required to post a security deposit and sign a confidentiality agreement before they receive access to detailed information about the properties.

Real estate agents, particularly in California, have been critical of the idea. Last week, the National Association of Realtors' top economist, Lawrence Yun, questioned the need for the foreclosure-rental program arguing that there are plenty of buyers for foreclosures.

EDITOR MESSAGE:

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ARTICLES/WRITE-UP

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