

C.A.R. Mortgage Update

### **Credit account dispute could stall mortgage application**

Some consumers with exceptional credit reports and high FICO scores are being denied mortgages by Fannie Mae's automated underwriting system because there is a notation in the credit report that the consumer has disputed an item.

Under the Fair Credit Reporting Act, consumers are guaranteed the right to dispute inaccurate information on any account in their credit files. Once a consumer disputes an item in their credit report, a notation to this effect is made in the file. Until the notation is removed, most credit-scoring system generally will not factor the disputed item into the computation of the consumer's score.

However, with the recent surge in companies claiming to "clean up" and "erase" blemishes on consumers' credit reports, some lenders are finding that these credit companies are disputing accurate, but negative items, hoping the consumer will qualify for a loan before the dispute is resolved.

Applications that are denied through Fannie Mae's automated underwriting system, which is used by virtually all lenders doing business with Fannie Mae, are sent back to the lender for manual underwriting. It is then up to the lender to determine and document whether the disputed information is accurate and underwrite the borrower's credit accordingly.

To read the full story, please click here:

<http://www.latimes.com/classified/realestate/news/la-fi-harney25-2009oct25,0,5444250.story>

To view additional articles about new home loans, loan modifications, or mortgage refinances, please visit the following:

### **Digging yourself out of a mortgage mess**

To read the full story, please click here:

<http://online.wsj.com/article/SB10001424052748703787204574449381337753834.html>

### **Campaign targets mortgage modification scams**

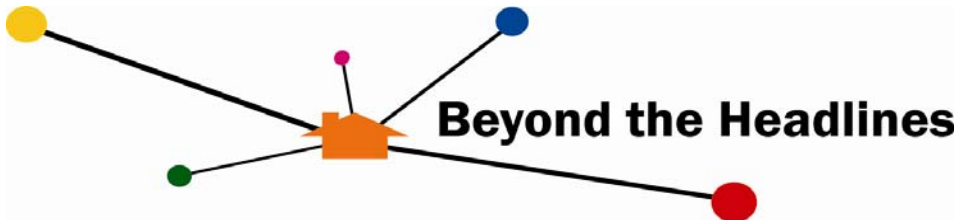
To read the full story, please click here:

<http://www.latimes.com/business/la-fi-loan-mods27-2009oct27,0,4859984.story>

### **Refinancing lifeline fails to reach most "underwater" homeowners**

To read the full story, please click here:

[http://www.washingtonpost.com/wp-dyn/content/article/2009/10/23/AR2009102303472.html?nav=rss\\_email/components](http://www.washingtonpost.com/wp-dyn/content/article/2009/10/23/AR2009102303472.html?nav=rss_email/components)



San Gabriel Valley Tribune

### **Housing bottom behind us, experts say**

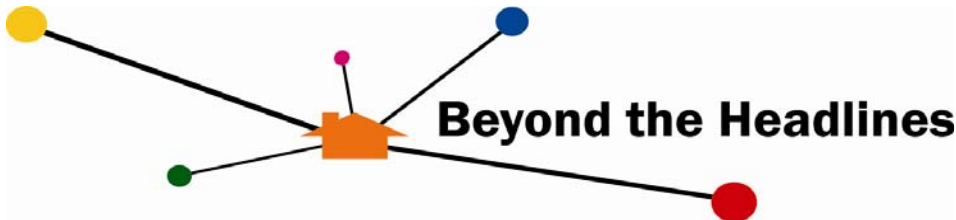
The median price of an existing, single-family home in California rose for the seventh consecutive month in September to \$296,090, according to the CALIFORNIA ASSOCIATION OF REALTORS<sup>®</sup>, most-recent sales and price report. Home sales also increased in September, rising 2.1 percent compared with August. If home sales maintain their current pace, 530,520 units will be sold in California in 2009.

#### **KEEP THIS IN MIND**

- The market's momentum continued in September, as many home buyers took advantage of the federal tax credit for first-time home buyers. The success of the federal tax credit is clear. Nearly 70 percent of first-time home buyers report that the tax credit was 'the most important' or a 'very important' factor in their decision to buy a home.
- C.A.R. is calling for the U.S. Senate to swiftly adopt the Dodd-Lieberman-Isakson amendment, which would extend the federal tax credit through June 30, 2010, remove the first-time buyer requirement and extend the credit to all home buyers, and increase the qualifying income limits so more families are eligible for the credit.
- A new milestone was reached in September, when five C.A.R. regions reported positive year-to-year increases in the median price, the first such increase since January 2008. September also marked the first single-digit decline in the year-to-year median price since October 2007, after 22 consecutive months of double-digit decreases, leading many to believe the state's median prices are leveling out.
- C.A.R.'s Unsold Inventory Index for existing, single-family detached homes in September 2009 was 4.2 months, compared with 6.5 months for the same period a year ago. The index indicates the number of months needed to deplete the supply of homes on the market at the current sales rate.
- Thirty-year fixed-mortgage interest rates averaged 5.06 percent during September 2009, compared with 6.04 percent in September 2008, according to Freddie Mac. Adjustable-mortgage interest rates averaged 4.59 percent in September 2009, compared with 5.14 percent in September 2008.

To read the full story, please click here:

[http://www.sgvtribune.com/ci\\_13648721](http://www.sgvtribune.com/ci_13648721)



## In Other News...



Press Enterprise

### Home buyer race to use tax credit

Sales of existing U.S. homes surged a record 9.4 percent in September as Americans rushed to take advantage of a tax credit for first-time buyers before it expires next month.

To read the full story, please click here:

[http://www.pe.com/business/realestate/stories/PE\\_Biz\\_S\\_homesales24.399ebde.html](http://www.pe.com/business/realestate/stories/PE_Biz_S_homesales24.399ebde.html)



San Francisco Chronicle

### Short sales becoming easier to navigate

Short sales, where lenders agree to take less than the amount due to them, have tended to sell for less than similar homes. One reason is that short-sale listings usually don't look as good as the competition. Another reason is that short sales require lender approval.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=c/a/2009/10/25/REAJ1A1IFR.DTL&type=realestate>



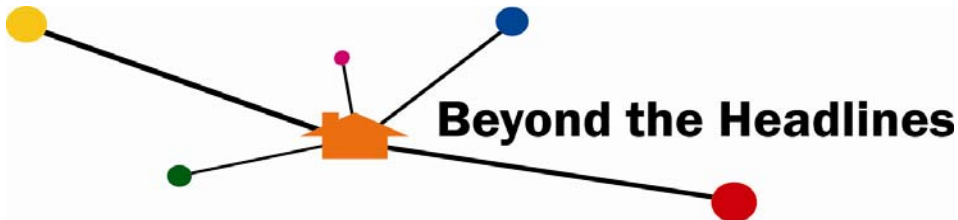
The Wall Street Journal

### Fewer McMansions on the horizon

If you're looking to buy a brand-new McMansion in the 'burbs, you'd better act fast. With home prices this low there's not much incentive for builders to start new houses. And inventories are getting razor-thin: Economists and analysts at the National Association of Home Builders fall construction conference in Washington, D.C. on Wednesday pointed out that the current 7.3-month supply of new homes is the lowest it's been since 1992.

To read the full story, please click here:

<http://online.wsj.com/article/SB10001424052748703573604574491630350933974.html>



Los Angeles Times

### **Home prices rise in most major cities in August**

Home prices rose for the third straight month in August, a key sign for a broad and sustained housing recovery.

To read the full story, please click here:

<http://www.latimes.com/business/la-fiw-case-schiller28-2009oct28,0,7857545.story>



Press Enterprise

### **Inland foreclosure rate decreases, but is sixth-highest in U.S.**

With one foreclosure-related filing for every 30 homes, the Riverside-San Bernardino-Ontario market had the sixth-highest foreclosure rate in the nation in the third quarter of this year, according to a report released Tuesday.

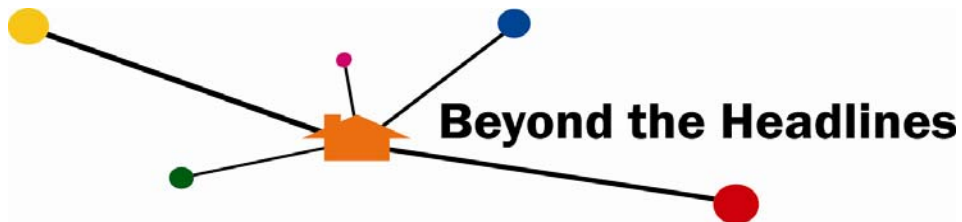
To read the full story, please click here:

[http://www.pe.com/business/realestate/stories/PE\\_Biz\\_S\\_foreclosures28.41f91ca.html](http://www.pe.com/business/realestate/stories/PE_Biz_S_foreclosures28.41f91ca.html)



### **Dimensional floor plans gain in popularity**

The launch of United Lane's Open3DHouse™ software at Inman Connect has been met with a wave of enthusiasm from the real estate industry. This software allows agents and clients to view a home using 2D floor plans and imaging to create interactive highly-detailed 3D models to use in marketing efforts. Visit [www.UnitedLane.com](http://www.UnitedLane.com) to see a demo. Metropix also offers high-quality floor plans, 3D visuals, and maps. Find out more at [www.metropix.com](http://www.metropix.com).



## What you should know about the market

- Consumers curious about their credit scores likely have visited myriad Web sites and services claiming to offer free credit information, only to be surprised that they must pay to receive their credit score. As a result, some companies are launching services that provide consumers a glimpse at their credit scores free of charge. Sites such as [www.credit.com](http://www.credit.com), [www.creditkarma.com](http://www.creditkarma.com), and [www.quizzle.com](http://www.quizzle.com) also offer a peek into the key factors used in calculating credit scores, what consumers can do to improve their scores, and how their credit compares with others.
- Despite negative news stories claiming California is in crisis with its recent wildfires, high unemployment rate, large number of homes in foreclosure, and political predicaments, it's still a great state in which to live, work, and play. As the greenest and most diverse state, California is the leader economically, environmentally, demographically, culturally, and possibly politically. To learn more about why California continues to be a "dream state," please read Time magazine's cover story, *Despite Its Woes, California's Dream Still Lives*, at <http://www.time.com/time/nation/article/0,8599,1931582,00.html>.