

Los Angeles Business Journal

Foreclosed homeowners could owe 'tens thousands of dollars' to lenders

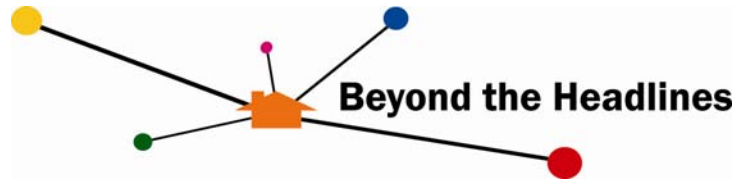
Facing the possibility of foreclosure, California homeowners may be hit with more than just losing their homes. Due to a loophole in state law, they also can be sued by their lender. To prevent this, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) is sponsoring Senate Bill 1178 by State Sen. Ellen Corbett (D-San Leandro), which will extend anti-deficiency protection for consumers who have refinanced their original mortgage loans and now are facing foreclosure.

KEEP THIS IN MIND

- Currently, if a homeowner defaults on a mortgage used to purchase his or her home -- known as a "purchase money mortgage" -- the homeowner's liability on the mortgage is limited to the property itself. Unfortunately, the original law did not extend the purchase money protection to loans that refinance the original purchase debt, even if the refinance only was to obtain a lower interest rate.
- Californians who refinance a property currently do not have protection if they default on a mortgage greater than the property's value. Called a "deficiency" liability, under current California law, the lender can sue the former homeowner for the amount of the deficiency even after taking back the property.
- Recent years of low interest rates and aggressive marketing campaigns by lenders have induced tens of thousands to refinance mortgages. Few homeowners realized that by refinancing their mortgage, they were forfeiting their protections and now are personally liable.
- C.A.R. created a video detailing Senate Bill 1178. The video can be viewed [here](#).

To read the full story, please click here:

<http://losangeles.bizjournals.com/losangeles/stories/2010/05/17/daily8.html>



In Other News...



Los Angeles Times

Lenders likely to order second, last-minute credit report before closing on mortgage

If you're thinking about applying for a home mortgage this year, here's some important news: Beginning June 1, your lender is likely to order a second full credit screening immediately before closing.

To read the full story, please click here:

http://www.latimes.com/business/la-fi-harney-20100516_0,594161.story



The New York Times

A tough time for self-employed borrowers

Most borrowers are facing a much tougher mortgage environment than a few years ago, but for those who are self-employed or own small businesses, maneuvering through a loan application can be even more arduous.

To read the full story, please click here:

<http://www.nytimes.com/2010/05/16/realestate/16mort.html?ref=realestate>



The Wall Street Journal

Fannie, Freddie freeze out energy-efficiency loan initiative

Fannie Mae and Freddie Mac are giving the cold shoulder to a White House-backed effort to encourage Americans to make their homes more energy efficient.

To read the full story, please click here:

<http://blogs.wsj.com/developments/2010/05/17/fannie-freddie-freeze-out-energy-efficiency-loan-initiative/>



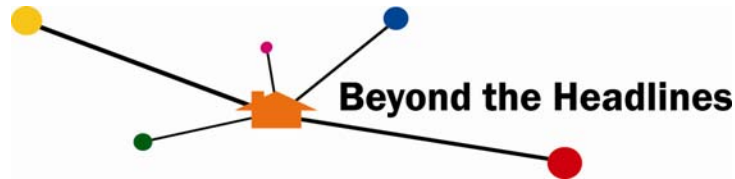
CNN Money

Real estate's new problem: Not enough homes

Can it be possible? Despite the housing bust and high foreclosure rates, in some areas real estate agents are complaining that they don't have enough homes to sell.

To read the full story, please click here:

http://money.cnn.com/2010/05/11/real_estate/home_supplies_shrinking/index.htm



Los Angeles Times

Economic recovery will be rapid, San Francisco Fed researchers say

Defying some analysts' predictions of a slow and subpar U.S. recovery, researchers at the Federal Reserve Bank of San Francisco are predicting a rapid economic rebound.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-recovery-20100518,0,5669282.story>



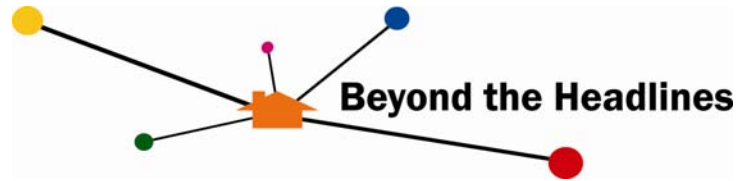
Press Enterprise

Loan modification dropouts rise

The number of homeowners dropping out of the Obama administration's main mortgage assistance plan is growing, and now is almost equal to the number who have received permanent relief.

To read the full story, please click here:

http://www.pe.com/business/local/stories/PE_Biz_D_mortgage18.13b5509b.html



What you should know about the market

- The price negotiated for a home only is the one aspect of a real estate transaction. Items such as financing clauses, home inspections, closing costs, appliances, and home warranties also can be negotiated. Working with a REALTOR® can help ensure all parties are satisfied with the end result of the negotiation process.
- Many real estate sales contracts include a financing contingency enabling the transaction to be cancelled if the buyer cannot secure financing. Financing contingencies generally are two parts: 1) the buyer has a set number of days to remove the contingency, and 2) the mortgage rate will be no more than a certain percentage. While including a financing contingency is common, sellers should ensure the buyer applies for a mortgage right away so that if he/she cannot qualify, the house can be put back on the market without too much lost time.