

Los Angeles Times

After shopping for a home, tired buyers often make poor mortgage choices

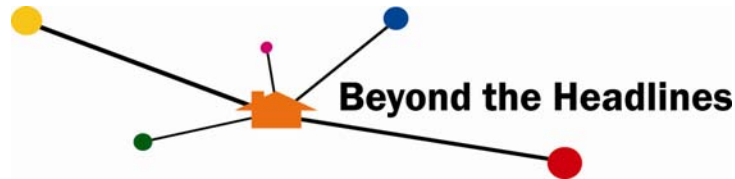
New research suggests buyers applying for mortgage loans immediately after house hunting often make poor choices—sometimes selecting the first loan option presented, regardless of the terms with which it is associated.

KEEP THIS IN MIND

- The research, conducted by two George Washington University instructors, found “cognitive resource depletion” to be a determining factor in why some borrowers make poor choices in selecting a home loan. Cognitive resource depletion implies willpower is a limited resource that can be exhausted. The study suggests the depletion of willpower may be one reason borrowers choose loan products such as pick-a-pay mortgages, interest-only loans, loans with balloon payments, and mortgages with negative amortization.
- To test the theory of cognitive resource depletion, two test groups were created. One was presented with an online-shopping simulation, the other was not. The group completing the simulation then was tasked with selecting a set of mortgage alternatives. The second test group only was asked to select a mortgage product. Almost half of those participating in the house-shopping exercise selected a higher-risk mortgage, while less than one in five of those who did not participate in the experience selected a higher-risk mortgage.
- Although most sales contracts require buyers secure financing within a designated time period, the authors of the study recommend even financially savvy borrowers institute a waiting period of at least two days after selecting a home to purchase before applying for a home loan. To address this, the authors and most real estate professionals advise home buyers apply for a home loan and receive preapproval prior to searching for a house.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-lew-20100606,0,1809394.story>



In Other News...



The Mercury News

Silicon Valley house hunting? Five things to know

It's been a tumultuous three years since the housing bubble popped, leaving both buyers and sellers uncertain about the best strategy. Interest rates are low, but likely to head up, and while housing prices also are low, they're already inching up in some areas.

To read the full story, please click here:

http://www.mercurynews.com/business/ci_15253039



The Wall Street Journal

REALTORS® want Congress to tweak tax credit timeline

The real-estate lobby wants Congress to extend the amount of time that potential buyers have to complete transactions that qualify for the \$8,000 federal home-buyer tax credit.

To read the full story, please click here:

<http://blogs.wsj.com/developments/2010/06/02/realtors-want-congress-to-tweak-tax-credit-timeline/>



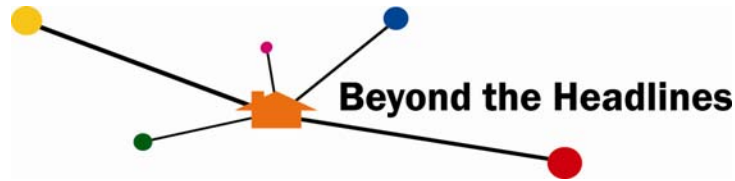
The New York Times

The 20-year mortgage alternative

Most people who took out jumbo mortgages during the financial crisis got hit with high interest rates as lenders and investors recoiled from anything that seemed even remotely risky. Now that market conditions have improved, some of these borrowers are looking to refinance into lower-rate mortgages, but they may not want to start over with a 30-year loan.

To read the full story, please click here:

<http://www.nytimes.com/2010/06/06/realestate/06mort.html?ref=realestate>



The Wall Street Journal

Profiteers, not government, to blame for housing crisis

Former HUD Secretary Henry Cisneros placed the blame for the recent housing crisis on “unscrupulous interests” that fueled reckless lending and weak regulation rather than housing policies of the past two decades.

To read the full story, please click here:

<http://blogs.wsj.com/developments/2010/06/03/cisneros-profiteers-not-government-to-blame-for-housing-crisis/>



The Los Angeles Times

Foreclosure filings decline 3 percent in May

Foreclosure activity in the U.S. continued to level off in May with the number of homes caught up in some stage of the process falling 3 percent from April, a real estate firm said.

To read the full story, please click here:

<http://www.latimes.com/business/realestate/la-fi-foreclosures-20100610,0,5262563.story>



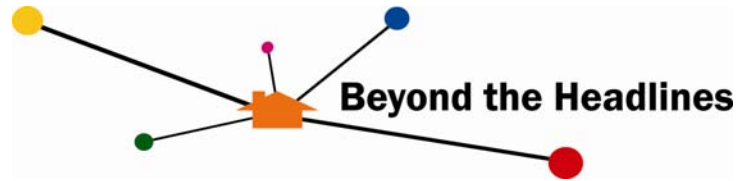
CBS News

Freddie Mac: Mortgage rates hit low for year

Rates on 30-year fixed mortgages fell this week to the lowest level of the year and were barely shy of the all-time low.

To read the full story, please click here:

<http://www.cbsnews.com/stories/2010/06/10/ap/business/main6568224.shtml>



What you should know about the market

- "Curb appeal" – the first impression a home makes when a potential buyer arrives – is critical when selling a home. One area often neglected is the driveway, which typically is one of the first features a potential home buyer notices when arriving. If the concrete driveway is oil-stained or has cracks, check with a local home center for cleaners and crack-repair compound. For asphalt driveways, a seal-coat often can make a big difference in appearance and also help prolong the asphalt.
- When selling a home, first impressions are extremely important. Neglecting to maintain a lawn by letting it turn brown or become overgrown may discourage a buyer. To prevent this, homeowners should cut back or remove trees and bushes that are overgrown, especially if they are hazardous. Weeding and laying fresh bark in planter beds also can contribute to a favorable first impression.