

THE TREND!

California	
Median Price-SFH	Date
\$279,840	02/10
\$286,600	01/10
\$245,230	02/09
Sales change Prior Month -2.2%	
Sales change Prior Year -11.7%	
Sacramento	
Median Price - SFH	Date
\$180,000	02/10
\$174,830	01/10
\$168,700	02/09
Sales change Prior Month -0.3%	
Sales change Prior Year -26.7%	
Source C.A.R Research Dept.	

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Helping Underwater Borrowers..ver 1,2,3?

The modified program which was announced on March 26th by the Treasury department is interesting in this ever lengthening iteration. The Home Affordable Modification Program (HAMP) has been challenging if not a failure, simply based on its voluntary nature. Accordingly to the government, "servicers were slow to implement HAMP". But it has not been surprising for those of us on the ground, see our August 2009 issue here; www.washingtonreal.com/Newsletter/Vol14.pdf. What is surprising is why it is taking the government this long to implement a credible program that will address the housing problem, and bring stability to both the housing and job markets.

In this version of HAMP,

the following must be present to receive any help;

- The house must be your primary residence.
- The mortgage balance must be less than \$729,750
- Your monthly mortgage must be above 31% of your income.
- Demonstrate financial hardship.
- Modifications now include principal amount.

To get help, you may consult a lender or broker and request for FHA Refinance, this route requires that the borrower is current on their mortgage.

Despite all the gloom, the administration has managed to make some commendable steps towards mitigating the

problem, amid the bewildering immensity of the problem. For instance;

- The historic low interest rate is due to \$1.4 trillion in Treasury/Fed backed securities.
- FHA played a significant role in mortgage financing when private investors fled the market.
- They have also expanded loan limits from \$625,500 to \$729,750.
- Initiated the First Time Homebuyer Tax Credit which has helped bring buyers into the market.

Again, according to the Treasury announcement, "This is a voluntary program for lenders and homeowners.", just the wrong medicine for the cure of this illness.

Al Som-Any, MBA, Broker

The Bank Of America Program

Bank of America announced on March 24, that it has started a program to forgive a portion of the mortgage balances for some troubled borrowers. To qualify for their program;

- The homeowners must have missed at least two months of mortgage payments.
- Owe at least 20 percent

more than their home is currently worth. The bank estimates that about 45,000 customers will qualify for the program. The number estimated by the bank might be considerably less than their customers in need. There are several things that might however, impede in the banks best intentions, and thus unable to implement this program;

- The loans are not owned by them but investors (the banks are simply collecting for others).
- Legal obligations to third parties may limit their options.
- Second mortgages may block the first from making changes to the loan.

Other banks will join the fray!
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