

The Mercury News

### **More mortgage relief from the White House – but congressional ok doubtful**

In his State of the Union Address, President Obama laid out a plan to help responsible borrowers and support a housing market recovery. Details of that plan were released yesterday. However, funding for the proposed program must be approved by Congress, lowering the possibility that it will be implemented quickly.

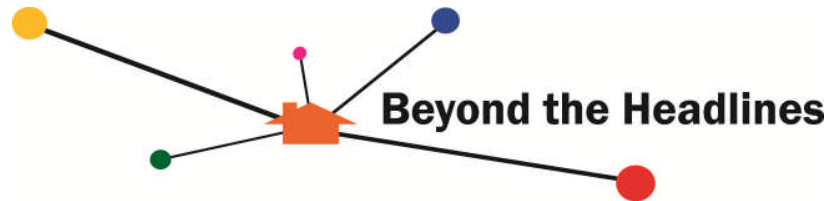
#### Making sense of the story

- Operated by the Federal Housing Administration, the plan would allow underwater homeowners to refinance into cheaper federally insured loans. Borrowers with good credit who are current on their loan payments are eligible.
- The measure also streamlines the process of refinancing an underwater mortgage, eliminating the need for an appraisal or submitting a new tax return.
- To qualify, borrowers must be current on their mortgage, have a minimum credit score of 580, and must be refinancing a loan on a single-family owner-occupied principal residence.
- Lenders only need to confirm that the borrower is employed. Loans that are more than 140 percent of the home value probably would not qualify until banks wrote down part of the balance.
- Congress must approve \$5 billion to \$10 billion in funding, leading housing experts to praise the plan's objectives with skepticism of it passing this year.

Read the full story

<http://bit.ly/wSF5KO>

**Feb. 2, 2012**



In other news ...



CNN Money

### **Mortgage crimes are focus of new task force**

President Obama announced last week that he's asked the Justice Department to create a special unit of prosecutors and state attorneys general to investigate abusive lending and packaging of risky mortgages that led to the housing crisis.

Read the full story:

<http://cnmmon.ie/zhxy3l>



The Washington Post

### **Fannie and Freddie don't deserve blame for bubble**

There is plenty of blame to go around for the U.S. housing bubble, but not much of it belongs to Fannie Mae and Freddie Mac.

Read the full story:

<http://wapo.st/xVr8MY>



The Mercury News

### **Fight property tax bill with these tips**

Declining house values create great opportunities for homeowners to contest their property tax bills and potentially save big money.

Read the full story:

<http://bit.ly/A7YBGU>



San Diego Union Tribune

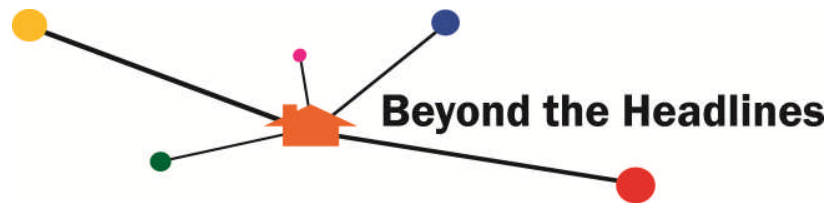
### **Appraisers: Fed rule has hurt our pay, borrowers**

The American Guild of Appraisers is digging into a federal rule it says has driven down the quality of home valuations, negatively affecting appraiser wages along with borrowers trying to get mortgages or refinances.

Read the full story

<http://bit.ly/zBX8Ag>

**Feb. 2, 2012**



CNNMoney

### **Foreclosures made up 20 percent of home sales in 3Q**

Sales of homes in foreclosure comprised 20% of all U.S. residential sales during the third quarter, according to RealtyTrac.

Read the full story

<http://cnmmon.ie/yDq1li>



The New York Times

### **On troubleshooting**

Those who have issues with their mortgage lenders now have another place to take them: The Consumer Financial Protection Bureau, which began accepting such complaints and inquiries this month.

Read the full story

<http://nyti.ms/y9ZXQm>



The Washington Post

### **Consumer confidence slips in January**

The Conference Board said Tuesday that its Consumer Confidence Index is at 61.1, down from a revised 64.8 in December.

Read the full story

<http://wapo.st/z8O9xV>



HousingWire

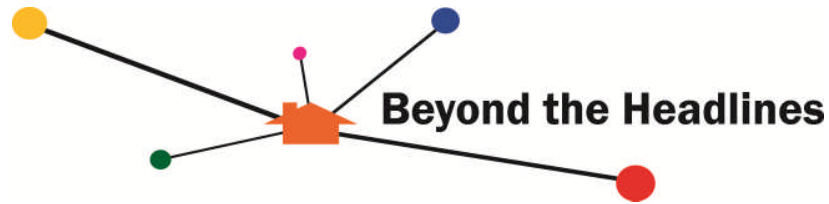
### **Treasury, FHA to let borrowers appeal mortgage servicer action**

The Treasury Dept. and the Federal Housing Administration will issue new rules in the coming months allowing borrowers to appeal mortgage servicer decisions under certain modification programs.

Read the full story

<http://bit.ly/yjqKrG>

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### What you should know ...

- As the housing market continues to struggle for stabilization, many homeowners are turning to strategic default. Almost 11 million homes are now underwater, according to Corelogic. Around 3.5 million homeowners are behind in their payments and another 1.5 million homes are already in the foreclosure process, according to RealtyTrac.
- Aside from the moral quandary of whether strategic default is a good decision, there also are other factors to consider.
- The borrowers' credit scores will take a hit. According to FICO, someone with a 680 credit score would see their score decline anywhere between 85-100 points after a strategic default, and someone with a 780 credit score could lose 140-160 points.
- Borrowers who are considering strategically defaulting on a house should look at it as a last resort, not a first option. Financial troubles could be eliminated by refinancing, especially if the Obama administration's program is implemented.
- Each state has its own rules and regulations regarding foreclosures, which affect both the length of the process and what the borrower could be liable for in the end.

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