The authors of the survey said lenders can capture a larger share of minority homebuyers buy offering more language-appropriate services.

MORTGAGES

More Clarity Needed in Loan Application Process

The National Association of Mortgage Brokers, in agreement with a critical report by the Federal Trade Commission, says loan application forms must be simplified so that consumers know what they are getting. NAMB says the FTC's report shows that homebuyers are often so confused by loan packages that they often end up choosing more expensive loans.

"We hope that this study will force lenders to disclose all of their income from the loans they process and eliminate any hidden lender fees that may harm consumers," said NAMB President Harry Dinham.

Tighter Loan Criteria Will Slow Housing Recovery

The National Association of Realtors believes that while tightening loan criteria will ultimately be a good move for the housing industry, in the short term it could delay the recovery in the housing market.

"Simply stated, a loan with the lowest monthly payment probably isn't in your best interest – borrowers need to understand worst-case scenarios," said a NAR spokesperson.

Borrowers with "a mortgage you aren't comfortable with" should consider refinancing now so they may capitalize on low-rate conventional loans, the NAR suggests.

Tighter lending standards will dampen home sales a bit, but by less than a couple of percentage points from initial projections. The NAR still forecasts 2007 to be the fourth-highest year on record for existing-home sales.

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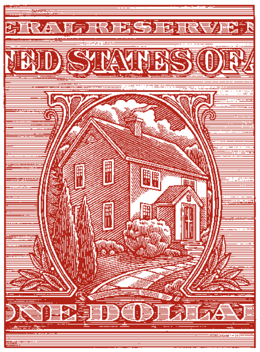


New Developments May Counteract Subprime Mortgage Crisis, Ease Market Back on Track

Some good news – finally – about efforts that may bolster American home prices and slow foreclosures. Unsold home inventories in many areas remain high, and selling prices in many areas continue to remain sluggish. Foreclosures climb and economists point to a further slowdown unless the subprime floor is shored up.

Stepping in

The cavalry under a number of flags is thundering to the rescue, or so we hope. Freddie Mac and Fannie Mae's game plan starts with purchasing tens of billions of dollars of subprime mortgage loans over the next few years to help bolster the $1 trillion+ subprime market. Subprime mortgages are those made to homeowners with tarnished credit. This will help stem surging defaults on subprime mortgage as lenders tighten their mortgage qualification standards.

A report by Congress's Joint Economic Committee revealed that an average home foreclosure results in $78,000 in costs to homeowners, lenders, utilities and others.

Fannie Mae's HomeStay program would allow participating lenders to refinance homes without first having to resolve borrowers' credit problems. They will also allow refinancing into 40-year fixed-rate mortgages, which have monthly payments that are about five percent less than comparable 30-year mortgages. Freddie Mac will soon be offering 30- and 40-year mortgages with reduced margins and longer fixed-rate periods for subprime borrowers.

The federal financial institutions regulatory agencies—the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision—issued a statement recently that encouraged "financial institutions to consider prudent workout arrangements that increase the potential for financially stressed residential borrowers to keep their homes."

Many lenders are already offering workouts to borrowers unable to keep up with escalated mortgage payments, but some lenders have cited challenges, such as restrictions on mortgages packaged into bonds that forbid lenders from contacting borrowers unless they are at least 30 days late on their payments. The regulators' statement advised lenders that they "will not penalize financial institutions that pursue reasonable workout arrangements."

Nonprofit help

In some neighborhoods, property values have dropped substantially, dragging down local government revenues from unpaid property taxes and other obligations. The Neighborhood Assistance Corporation of America (NACA), a national nonprofit housing advocacy group, says it will provide $1 billion to refinance at-risk mortgages of low-income homeowners. They are getting the money from CitiGroup and Bank of America, which have been working with borrowers screened by NACA for years.

TRENDS

Many New Homes Put Garages Out of Sight

The suburban garage, dominating the front of American homes for decades, is moving to the back as cost-cutting builders try to squeeze more housing onto the same old acre.

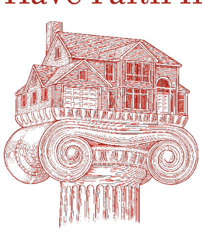
The housing boom's high land prices and the growing need to sell lower-priced houses are driving the garage out of sight, according to an article in the *Sacramento Bee*. This alignment between market forces and so-called "smart growth" principles brings builders more income per acre while creating what some say are more pleasing residential street scenes.

"What happens is you're looking at the home and the garage is not taking up half of the front, so you get a completely different streetscape on it," said Mark Levens, vice president for sales at the Sacramento division of John Laing Homes.

For decades, until World War II, homebuilders traditionally put the garage in the rear with a driveway leading to it. But as cars came to dominate a new suburban lifestyle, the garage moved front and center in home design.

That stirred criticism that long rows of protruding garages aesthetically diminish street life. Yet much as urban theorists have tried to minimize garages, it's taken soaring land costs and a push for lower sales prices to definitively capture the attention of homebuilders.

Consumers & Realtors Still Have Faith In Housing Market



A joint poll released by the *Los Angeles Times* and Bloomberg shows that a third of Americans believe home prices will go up the remainder of the year, about 50 percent believe prices will remain steady, and only 16 percent think prices will go down. The survey also indicated 60 percent of Americans believe a recession is "likely" within the next year. About 35 percent of those polled said they considered their personal finances "shaky," up from 30 percent in March and 28 percent in January.

The National Association of Realtors has tempered its expectations for the housing market, but still forecasts a fairly healthy market. The group's latest 2007 forecast anticipates a 17.8 percent drop in new-home sales, a 19 percent drop in housing starts and a 2.9 percent drop in existing-home sales compared to 2006.

However, the good news is that organization believes the median national existing-home price will fall only about one percent this year and the median new-home price will drop a scant 0.04 percent this year compared to last.

"Housing activity this year will be somewhat lower than in earlier forecasts because of the effects of stricter lending standards and a decline in subprime mortgage origination," the association reported.

In an earlier forecast in January, the association projected a 1.5 percent rise this year in the national median existing-home price and a three percent gain in the new-home price.

The association's latest 2007 forecast projects 6.29 million existing-home sales this year compared with 6.48 million existing-home sales last year, and 864,000 new-home sales this year compared with 1.05 million last year.

The latest forecast for new-home sales in 2007 is about 9.7 percent below the association's forecast in January, and the latest forecast for existing-home sales in 2007 is about 2 percent below the January forecast.

"If it weren't for a favorable economic backdrop, housing would probably have a hard landing," said Lawrence Yun, NAR senior economist, in a statement. "As it is, we see this as a soft landing with home sales rising gradually in the second half of the year and prices recovering a bit later."

Yun also stated that speculative behavior, which contributed to "abnormal price growth," has left the market.

The national median existing-home price is forecast to fall to $219,800 this year after reaching $221,900 in 2006, and to rise 1.4 percent next year. The median new-home price is expected to drop slightly to $246,400 this year and rise 2.2 percent in 2008.

Interest in Buying Foreclosures is Growing

Where there is tragedy there is opportunity. With more homes facing foreclosure, some home buyers are beginning to look into buying foreclosed homes or homes at risk of foreclosure. Many home buyers balk at appearing that they may be trying to take advantage of other people's troubles. But those buyers were not the cause of the problem, and if they are willing to pay a little more than some real estate investor for a foreclosed home, they are helping bolster home values, which is helpful to all homeowners.

Buying a home at a foreclosure sale requires a lot of work and due diligence and is fraught with risks. That is why the foreclosure market has been dominated by real estate investors who specialize in the foreclosure market. You can end up spending a lot of time and money doing your homework, only to learn that at the last minute the auction was canceled because the borrower filed for bankruptcy protection (which temporarily suspends the auction). Even if the sale proceeds, you may not be the successful bidder.

If you are thinking about buying foreclosed property, the American Homeowners Grassroots Alliance recommends that you establish a relationship in advance with a real estate lawyer who has experience with foreclosures in the jurisdiction where the property is located. There are vastly different real estate-related laws and requirements throughout the United States.

If you become very interested in a particular home you should get a title search on the property. A title search shows who owns the property and how many mortgages, lawsuits, unpaid taxes and liens may be on record that may have priority to payments on the property's sale.

You can also often purchase a home at risk of foreclosure before the foreclosure auction. It is important to find out the exact mortgage payout amount, which includes the outstanding loan balance, late fees, legal fees and foreclosure costs. If you feel comfortable paying that amount or more and the homeowner is interested, you will need to make sure that any home sales contract is contingent on your ability to go to closing before the house is foreclosed upon.

If the homeowner owes more than the property is worth, all is not necessarily lost. There are many homeowners today facing those circumstances, and a growing number of lenders are willing to do "short sales," whereby the lender agrees to accept less than they are owed as full satisfaction of the debt.

MARKETS

Pet Network Puts Pet Owners Into Proper Properties

Homebuyers searching for pet-friendly agents and pet-friendly properties can now head to a new site, Pet Realty Network, where a growing number of agents are listing themselves and properties.

The site, PetRealtyNetwork.com, is owned by a former real estate agent who felt buyers with pets had special housing needs that were not addressed in the typical MLS listing. To participate in the site, agents pay $50 per year. They are allowed to post a profile of themselves, as well as listings they consider appropriate for pets.

Hispanic Market Gaining Strength

The Hispanic market niche is becoming, well, no longer a niche. It's growing rapidly and becoming more influential in both raw numbers and economic affluence. According to the U.S. Census Bureau, there are now 26.8 million consumers in the United States of Mexican origin with a median age of 25.5 – the center of the prime first-time homebuyer age range.

About 36 percent of households headed by someone of Mexican origin involved families with children younger than 18. The median household income in homes with someone of Mexican descent was $35,464. About 50 percent of householders of Mexican origin owned the home they live in.

AGENTS' CORNER

NAR Pushes for Health Care

NAR is keeping pressure on Congress to provide some kind of health care relief for the millions of Americans – including 28 percent of Realtor members – who do not have health insurance. Realtor President Pat Vredevoogd Combs urged members of a House subcommittee on Health to allow trade associations such as NAR to pool their membership into a health insurance purchasing unit.

She said Congress should examine whether the nation's system of state-based regulation of coverage for individuals has outlived its ability to effectively pool risk on the scale that is necessary to offer an affordable product to the self-employed and small business community.

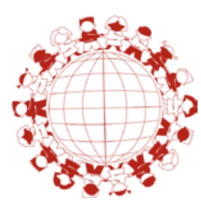
"We believe the lack of uniformity and the complexity in state mandates have increased costs and contributed to the withdrawal of insurers from states where they once operated," she said.

Things may get worse before they get better. In a case watched by industry insiders, a state court in California has ruled that the Blue Shield health insurance provider has the right to drop members of the California Association of Realtors, even though a CAR lawsuit against the insurer has not been resolved.

Under terms of the decision, Blue Shield will be allowed to cancel the coverage of 8,000 CAR members, leaving them to attempt to find coverage elsewhere. Blue Shield maintains it canceled the CAR contract because not enough Realtor members signed up for the program. CAR maintains in its lawsuit that Blue Shield is obligated to honor the guaranteed-renewal clause in its contract.

Agents Should Seek Foreign Language Lenders

A survey by Campbell Communications and Inside Mortgage Finance finds that



while real estate agents typically refer white homebuyers to potential lenders, they do so less often when a minority homebuyer is involved.

And agents who do refer minorities to lenders typically consider the efficiency of the lender more important than the lender's ethnic background or ability to speak to the borrowers in their native language.

The survey also found that 55 percent of real estate agents refer their white clients to lenders but that number drops to 48 percent for minority borrowers.