

## Newsletter

Fourth Quarter 2009

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Dear Friend,

What a year! This historic REO market is still keeping many people on the edge of their seats with its unpredictability. Will a deluge of REO's in the marketplace delay the recovery of real estate? Will a gradual influx of REO's temper the real estate recovery?

These are valid questions and ones not easily answered, but we must be prepared in 2010 to respond to whatever conditions arise.

Most importantly, we must remain realistic in this unstable environment. In assessing the coming year, the "surge" will not be as dramatic as we have been led to believe. Activity will likely be more measured. As you will note in some of the articles offered here, there are fewer underwater mortgages than anticipated. Programs are being developed to keep "at risk" homeowners who are underwater in their homes. Resale homes purchases have increased 10 percent last month. These forces will all shape 2010. We hope you find the information useful.

Best wishes for a peaceful holiday season!

[Linda Zanzinger](#)

### → New Program Rents Foreclosed Homes to Their Owners

Fannie Mae unveiled its Deed for Lease Program earlier this month that is designed to help qualifying homeowners facing foreclosure to stay in their homes as renters. The program is an option for borrowers who aren't eligible or able to meet the commitments of loan modifications. The lease program keeps homeowners in their homes and prevents further deterioration in neighborhoods from shuttered empty homes. [Read more about the program here:](#)



Fewer people are underwater on their mortgages according to a third quarter residential real estate report from Zillow.com. Only 21 percent of the homeowners considered in the report owe more on their mortgages than their house is worth. This is a 23 percent decline from the second quarter and a positive sign that home values may be stabilizing. To read the full story, [click here](#).

### Are Short Sales Really the Next Big Thing?



Are short sales the key to the housing recovery? With the REO pipeline clogged and choking, and loan modification programs failing to make a dent in foreclosure numbers, short sales represent an opportunity to feed the demand for discounted properties while reducing the number of foreclosures. Real estate columnist Rick Sharga discusses the current pitfalls of the system and what must be done to relieve the bottleneck of REOs in this recent article. [Click here for more information.](#)

### → Consumers Pay Off Debt for Record 8th Straight Month



Consumers are charging less! In a new report from the Federal Reserve, outstanding consumer credit fell at a 7.2% annual rate in September 2009, the eighth consecutive decline. Credit balances had never fallen eight months in a row before in the 66-year history of the data. Outstanding credit can fall if consumers pay off balances, or if lenders write off bad loans. [Get the full story here:](#)

### → HVCC Not to Blame for Low Appraisals, Says FHFA

While concerns about low appraisals are legitimate, the problem is not necessarily with the Home Valuation Code of Conduct, a key federal regulator told an angry crowd of real estate professionals in San Diego. "We keep trying to find a provision (in the HVCC) that is causing problems, but we can't," Alfred Pollard of the Federal Housing Finance Agency said at the National



Association of Realtors' annual convention. NAR members are hopping mad at delayed closings and lost transactions. In a survey conducted earlier in the year, three out of four agents said it is taking longer to get appraisals and the holdup is affecting their sales." [For more information, click here.](#)

### → HUD 1 Rules To Be Enacted in January

On January 1, 2010, HUD will require that lenders and mortgage brokers provide consumers with a standard Good Faith Estimate (GFE) that clearly discloses key loan terms and closing costs. Closing agents will also be required to provide borrowers a new HUD-1 Settlement Statement that clearly compares consumers' final and estimated costs. The new RESPA rule became effective on January 16, 2009, but provided a one-year transition period for the mortgage industry to incorporate these changes. HUD plans to work with the mortgage industry during this period. Here's a link to more information about the guidelines that you should know: <http://tinyurl.com/r3vcht>.

Enjoy the harvest and all the fruits of your hard work. We want to wish you and yours a wonderful holiday season. We also invite you to join us in the support of our company's view to

save the environment and "go green".

*" We do not inherit the earth from our ancestors, we borrow it from our children."*

*Native American Proverb*

Sincerely,

Linda Zanzinger

[ETCREO Asset Management](#)