



C.A.R. **Newsline**

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Brought to you by the CALIFORNIA ASSOCIATION OF REALTORS®

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▶ Home prices improve in January

The annual rate of home-price decline improved in January in the 10-City and 20-City Composites tracked as one of the S&P/Case-Shiller Home Price Indices released yesterday. The 10-City Composite remained unchanged in January compared with a year ago, and the 20-City Composite declined 0.7 percent compared with January 2009. All 20 metro areas and both composites showed an improvement in the annual rates of decline in January compared with December.

As of January 2010, home prices nationwide averaged levels similar to those of autumn of 2003. From the peak in June/July of 2006 through the trough in April 2009, the 10-City Composite declined 33.5 percent and the 20-City Composite 32.6 percent. The peak-to-date figures through January 2010 indicate declines of 30.2 percent and 29.6 percent, respectively. Los Angeles and San Diego showed slight improvements in actual index levels from the previous month to the current month. All other metros and the two composites showed a slight decline from their December 2009 levels.

"The report is mixed. While we continue to see improvements in the year-over-year data for all 20 cities, the rebound in housing prices seen last fall is fading," said David M. Blitzler, chairman of the Index Committee at Standard & Poor's. "Fewer cities experienced month-to-month gains in January than in December 2009, on both a seasonally adjusted and unadjusted basis. On a brighter note, San Francisco ? [is] 12.9 percent above [its] trough value."

[More info](#)

NOTICE: New Federal Short Sale Guidelines in 2010.

Don't Overpay for Your Short Sale Designation.

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Consumer confidence rises in March

The Consumer Confidence Index rose to 52.5 in March (1985=100) compared with 46.4 in February, the Conference Board reported yesterday. The Present Situation Index increased to 26 in March from 21.7 in February, and the Expectations Index improved to 70.2 from 62.9 last month, according to the report.

"Consumer confidence, which had declined sharply in February, managed to recoup most of the loss in March," said Lynn Franco, director of The Conference Board Consumer Research Center. "However, despite this month's increase, consumers continue to express concern about current business and labor market conditions. And, their outlook for the next six months is still rather pessimistic. Overall, consumer confidence levels have not changed significantly since last spring."

Consumers' assessment of current conditions was less negative in March than in February, with those claiming business conditions are "bad" decreasing to 42.8 percent in March compared with 45.1 percent in February, while those claiming conditions are "good" increasing to 8.6 percent in March compared with 6.8 percent in February. Consumers' appraisal of the job market also was less pessimistic, and their short-term outlook improved in March, according to the report.

[More info](#)

Do You Know where your next client is coming from?

NAR reports 84% of consumers go online to find their next home.

[Get your FREE "2010 Business Plan" today](#) and find out how you can get a steady stream of prospects and grow your business smarter.

REALTOR® S.W.A.T.: Coming to a location near you

REALTOR® S.W.A.T. (Special Weapons and Tactics) is coming to a location near you. Don't miss your chance to learn about C.A.R.'s new RPA and an opportunity to receive the latest updates on government stimulus programs. The new RPA, two related new forms, and one revised form will be released April 28.

Each REALTOR® S.W.A.T. is a full-day event and includes "Your Guide to the California Residential Purchase Agreement," a four-hour Continuing Education (CE) course on the new RPA-CA; a local economic and market update by a C.A.R. economist; and more.

Attendees also will receive a \$10 coupon to use toward the purchase of C.A.R. Education's new Residential REO Buyer Certified Specialist training program (coming May 2010). This program provides REALTORS® with the knowledge and expertise to effectively package real estate offers to help prospective clients purchase REO properties. Upcoming S.W.A.T. events include: April 6, Sacramento; April 15, Orange County; April 22, Inland Empire; May 6, San Diego area; and May 13, San Jose. For more information, visit www.car.org/education/designations.

[More info](#)

Last chance to upgrade your WINForms® without an interruption in service! WINForms® is being replaced by zipForm® 6 on April 1, don't wait any longer! It takes less than 3 minutes to

complete so [click here for your FREE upgrade today!](#)

California short sellers to pay tax on mortgage debt

Governor Schwarzenegger last week vetoed a bill that would have prevented California homeowners who sold their homes via short sales or received loan modifications in 2009 from being taxed on the forgiven mortgage debt. Schwarzenegger vetoed the bill, which would have aligned much of the state's tax code with that of the federal government's, because it contained an unrelated provision regarding tax refunds for the state's largest businesses. Although the governor vetoed this particular bill, he expressed his support for banning taxation of forgiven mortgage debt, and immediately called for the legislature to send him a bill to provide tax forgiveness prior to the April 15 tax-filing deadline.

C.A.R. currently is supporting two stand-alone measures, AB 1779 (Niello) and SB 14 (R. Calderon and L. Correa) of the Sixth Extraordinary Session, that would fully conform to the federal rule extending "phantom" income debt forgiveness through December 31, 2012.

[More info](#)

Come See Our Makeover!

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HAMP adjustments may help struggling homeowners

The Obama administration on Friday announced adjustments to the Home Affordable Modification Program (HAMP) and to the Federal Housing Administration (FHA) program to assist homeowners struggling to meet their mortgage obligations. The program adjustments target three groups: Unemployed homeowners who are unable to make their mortgage payments; underwater homeowners; and homeowners behind on their payments and seeking loan modifications.

Unemployed homeowners may qualify for three to six months of reduced payments while searching for new employment. During this time, payments will be reduced to 31 percent of their current gross monthly income. To qualify, borrowers must, among other things, be living in their homes, have loan balances less than \$729,750, provide verification of unemployment benefits, and request assistance within 90 days of delinquency on the mortgage.

Underwater homeowners—those who owe more than their home currently is worth—may be eligible for a new FHA refinance option that will allow those who are current on their mortgage payments to refinance their mortgages into new FHA-insured loans equal to no more than 115 percent of their home's current value. The difference between the original loan balance and the new balance gradually will be forgiven if the homeowner remains current on payments for three years.

Homeowners seeking mortgage modifications under HAMP may be eligible for mortgage principal reductions. Although lenders always have had the option to do so, many have chosen instead to reduce interest rates. However, under the new guidelines, lenders reducing mortgage principal may receive higher financial incentives. The incentives will be paid jointly by the private sector and the federal government through a \$50

billion allocation from the Troubled Asset Relief Program (TARP). The program changes are expected to go into effect in the fall. However, a measure to offer larger incentives to lenders who facilitate short sales or deeds-in-lieu of foreclosure, as well as assistance for unemployed homeowners, will be in place within a few weeks or months, according to the administration.

[More info](#)

► **Federal tax credit update**

Time is running out on the federal tax credits for first-time and repeat buyers. First-time buyers who enter a binding contract by April 30 and close escrow before July 1—and meet the income limits—are eligible for the full \$8,000 credit (maximum, or 10 percent of the sales price, whichever is less) on their federal tax returns. The first-time home buyer credit applies to homes purchased for \$800,000 or less, and does not require repayment if buyers live in the residence for three or more years.

Existing homeowners may be eligible for a tax credit (10 percent of the purchase price, not to exceed \$6,500). To be eligible for this credit, homeowners must have lived in their current home for five consecutive years out of the last eight years and must enter a contract to purchase a new or existing home by April 30, 2010. Existing homeowners do not need to sell their current home to qualify for this credit, but must close escrow before by June 30, 2010. For complete details on these credits, qualifications, income levels and income phase-outs, visit “Legal Q&As” at car.org.

Please note that “Tax Credits Set to Expire,” an article which appeared in the March/April “issue of *California Real Estate* magazine, is available in downloadable format at

<http://www.onlinedigitalpubs.com/publication/?i=33583>. The article has been updated to correct misinformation that appeared in the print edition.

[More info](#)

► **New RPA-CA, related forms available April 28**

The final versions of C.A.R.’s new Residential Purchase Agreement (RPA), two related new forms, and one revised form now are available for members to preview. The forms, which can be previewed [here](#), will be released April 28 in both zipForm® 6 and hard copy format. The RPA is the standard form, produced by C.A.R., used in nearly every residential real estate transaction in the state.

The RPA has not been significantly modified since 2002; changes approved by the RPA Study Group and the Standard Forms Advisory Committee, with more than 1,000 comments from members, helped inform the process. Changes impacting the initial deposit; the notice to perform; FHA/VA loans; financing; the appraisal contingency; the wood pest inspection; home warranty coverage; and contingencies and cancellations; among others, have been incorporated in the revised form.

C.A.R. provides many opportunities for members to learn about the new RPA, including education courses; REALTOR® S.W.A.T. (Special Weapons and Tactics), a full-day event includes training on the RPA; and free training through Forms Tutor®, an online service that explains the standard forms clause-by-clause, with audio and text instructions. Please visit <http://www.car.org/tools/zipForm6/ft/> for Forms Tutor® information, which will be updated on April 28 to reflect the new RPA and related forms associated with the release.

[More info](#)

▶ **Consumer spending increases 0.3 percent in February**

Consumer spending increased 0.3 percent in February, while personal income and real disposable income were nearly unchanged, according to the U.S. Commerce Dept.'s Bureau of Economic Analysis. "Today's data indicate that, as the administration's economic recovery efforts have pulled us back from the brink and taken hold, American families have been able to save more and improve their financial positions," said U.S. Commerce Under Secretary for Economic Affairs Rebecca Blank.

[More info](#)

▶ **C.A.R. Green Tip of the Week: Use your cell phone**

Text messaging and e-mailing from a cell phone or hand-held device uses about 30 percent less electricity per message than sending an e-mail from a computer.

For more green real-estate-related tips and discussion, visit C.A.R.'s green blog (<http://blogs.car.org/>) and C.A.R.'s Green Web site (<http://green.car.org/>).

▶ **Fast Facts**

Calif. median home price: February 2010: \$279,840 (Source: C.A.R.)

Calif. highest median home price by C.A.R. region February 2010: Santa Barbara So. Coast \$795,000 (Source: C.A.R.)

Calif. lowest median home price by C.A.R. region February 2010: High Desert \$122,580 (Source: C.A.R.)

Calif. First-time Buyer Affordability Index - Fourth Quarter 2009: 64 percent (Source: C.A.R.)

Mortgage rates - week ending 3/25/10 30-yr. fixed: 4.99 Fees/points: 0.6% 15-yr. fixed: 4.34% Fees/points: 0.6% 1-yr. adjustable: 4.20% Fees/points: 0.6% (Source: Freddie Mac)

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C.A.R. Newsline is published by the CALIFORNIA ASSOCIATION OF REALTORS®, a trade association representing more than 175,000 REALTORS® statewide.

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