



THE TREND!

California

Median Price	Date
\$285,480	7/09
\$274,740	6/09
\$355,000	7/08
Sales change Prior Month 8.1%	
Sales change Prior Year 12%	

Sacramento	
Median Price	Date
\$183,840	7/09
\$182,400	6/09
\$219,150	7/08
Sales change Prior Month 6.0%	
Sales change Prior Year -6.7%	

Source C.A.R. Research Dept.

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Loan Modification Update..

Last month, we focused this topic, see here www.washingtonreal.com/Newsletter/Vol14.pdf. But, as we all know, this issue has been a moving target, so here are some updates.

In September, 2009, the State Bar of California released the names of 16 attorneys under investigation for loan modification misconduct. This was a very unusual move, but the Bar stated that they opted to waive investigation confidentiality in favor of public protection. Apparently, these attorneys have allegedly taken fees for services they never delivered, or failed to communicate with homeowners who face

possible foreclosure.

Loan modification is a process you can accomplish yourself, however, servicers are notoriously difficult to deal with. This week, the Feds mandated that lenders must state reasons why modifications are being rejected. This move will likely spur these companies in honest dealing with borrowers.

In another news, lenders are apparently "cramping down" the principals, a procedure they have thus far refused to do, after the Senate refused to pass legislation similar to the House bill in May. In a recent news released by the

Office of the Comptroller of the Currency (OCC), an agency that regulates national banks, the portion of loan modifications in the second quarter that involved principal reduction increased from 3.1% to 10% in the first quarter. The OCC does not require banks to reduce principal, but has informed banks they need to make sure modifications are "more sustainable," giving borrowers a real chance to keep up with new payments.

According to Home Mortgage Disclosure Act report, denial rates for Blacks, Hispanics and Whites are 61%, 51% and 32% respectively.

-Al Som-Anyia, MBA, President

Real Estate Market Update..

If recent trends are tell signs, the bottom of the market has been reached, and in the Sacramento region in the second quarter of this year. In the third quarter, most well-priced listings entertained multiple offers, with serious activity in homes listed below \$500,000. The

frenzy for home purchases is more pronounced for listings below \$200,000. While investigating recent expired listings (those that did not sell), we found that most were priced out of the market. We saw some price increases on listings that got over a dozen offers.

But before we pronounce this downfall over, note that the unemployment rate is still on the rise, and shadow inventory still exist in this market, so if the rate of unemployment continues, especially with the public sector, hard times still lay ahead.

Al Som-Anyia

