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News and Views

In Riverside County:

Notice of Defaults-Over the last 120 days=8,245 was 10,122 in May

Notice of Trustee Sales, last 120 days, Currently Scheduled=11,727 was 12,976 in May

Actual Trustee Sale-Over the last 120 days= 5,779 was 6,275 in May, Now bank owned

Trustee Sales cancelled over last 120 days and still need to be dealt with=7,002 (This number must be added to the number of defaults above for accurate totals)

In San Bernardino County:

Notice of Defaults-Over the last 120 days= 6,983 was 7,903 in May

Notice of Trustee Sales Currently Scheduled=9,605 was 10,427 in May

Actual Trustee Sale-Over the last 120 days=4,712 was 5,224 in May

Trustee Sales cancelled over last 120 days and still need to be dealt with=5,660

In Sacramento County

Notice of Defaults-Over the last 120 days=4,870 was 5,406 in May

Notice of Trustee Sales Currently Scheduled=5,335 was 5,520 in May

Actual Trustee Sale-Over the last 120 days=3,136 was 3,485 in May

Trustee Sales cancelled over last 120 days and still need to be dealt with=2,761

In Orange County

Notice of Defaults-Over the last 120 days=4,855

Notice of Trustee Sales Currently Scheduled=8,031

Actual Trustee Sale-Over the last 120 days=1,818

Trustee Sales cancelled over last 120 days and still need to be dealt with=5,527

In San Diego County

Notice of Defaults-Over the last 120 days=5,975

Notice of Trustee Sales Currently Scheduled=8,466

Actual Trustee Sale-Over the last 120 days=2,770

Trustee Sales cancelled over last 120 days and still need to be dealt with=5,502

*Information is available for your individual City or zip code, throughout California- Source, Foreclosure Radar

"Economists are currently giving Astrology a good name." Source, unknown

Many of us are feeling this way as we have attended workshops and private events from some of the highest profile lectures and economists. Many of them have been reporting since 2008, that the next quarter or two will be a bumpy ride and then things will stabilize and from there we will see slow growth for a few years before things begin to heat up. Eventually they will be correct.

Whether one is a bull or a bear on the market can be predicated on who is paying them to do the research and report on it. Banks and industry economist can, at times, seem to paint a nice picture of what is just around the corner. Any and all positive news, even if it is only for one to two months, is now considered a trend and reported as proof that things have turned around.

As the largest holders of mortgage backed securities that are at risk continue to unload their portfolios to vulture funds of one sort or another, the free market system will begin to do its job. Some will receive principle reductions that will be earned over a three year period of on time performance of their modified terms and others will simply find themselves having to rent for a period of three to five years before entering the home buying market once again.

According to the reports on the HAMP program, the average "back end" ratio of a borrower who has received assistance is over 63%. This number is a combination of one's total housing expense plus all other installment and revolving debt divided by their gross monthly earnings. Historically, the number that was tolerated by the industry and allowed the US to have some of

the best performing mortgage backed securities in the World was 36% to 38%. FHA allowed one to go as high as 41%. 63% is typically viewed as not sustainable.

If a family of two wage earners receives a modification with a 63% back end ratio this means they are unable to afford virtually anything else other than their home and serving their current debt. Most modifications are temporary and will have graduating payments in the future. If this families earning are not going to go up commiserate with their increase in housing expense the fear is that they postponed the inevitable. In addition, as they continue to meet new neighbor after new neighbor who purchased their model for 30% to 50% less than what their modification balance is, they'll begin the process of asking themselves; "What are we doing?"

Currently, counselors are to sit with borrowers, take in their financial information send it into the lender/servicer who will get the documentation to one who understands the GSE and HUD underwriting criteria. Next, the servicer will then underwrite the borrower's qualifications and enter this data, along with valuation information, as well as projected valuation data and run the Net Present Value calculation. This process helps to determine if it is in the lender/servicers best interest to modify, short sale, or foreclose.

If all of the industry can agree that this is what is occurring, why not allow the industry retail arms to join the fight and get paid for doing this? The money is already being spent and the results are not currently impressive. The Director of HAMP, the Office of the Comptroller and the Office of Thrift Supervision, have all lamented that the efforts to date have not been what was originally hoped for.

If too many obtained loans they could not afford through poor underwriting standards and then you offer loan modifications by simply asking people what they make and what their expenses are over the telephone then is it any surprise most modifications failed or are failing? In fairness, this practice has stopped as of June 2010 and the most recent numbers are getting better.

Telephone any loan underwriter in America and they will tell you that even seasoned loan officers and loan processors often fail to provide the necessary paperwork in order for them to make a decision on the first submission. If professionals can have trouble and this is what they do for a living, imagine how difficult this process must be for consumers who go it alone or even counselors who may not have the same background as the private sector professionals.

Cynics believe temporary cash flow to all parties involved in this daisy chain is the current goal and seen by the financial industry as the best way to manage their portfolios that will take years to resolve. This is being done knowing full well that many of those who may have received a modification will ultimately lose their home. Fitch (The ratings agency) reported on this explaining that upwards of 60% to 65% of those who receive a modification will eventually fail.

The current system is causing a back log and is causing those who would normally self cure, or not go into default in the first place to give up and become part of the delinquent statistics. The greatest challenge we have is the lack of speed in this overall process. American homeowners are not feeling like they are being treated fair and equal. They believe more and more that the system is rigged against them and the longer this process of helping homeowners in trouble

takes, the more people will feel this way and stop making their payments in order to get the help that more and more are beginning to feel entitled to.

Speed: that is what is needed. Pain will occur, but it can be tolerated as the private sector will finally feel comfortable jumping in with both feet and their massive investment dollars will stimulate our economy and offer hope for many consumers who are lacking the all important confidence to spend money.

The work force is already in place. The remaining loan officers in the business are pretty good. They could do a great job collecting the proper paperwork, putting a great package together and submitting it electronically (It's what they do!) so the underwriters can make a decision. Then, if the decision is not favorable, the borrower has a choice; self cure, short sale, or participates in a deed in lieu agreement. Foreclosure is the last option.

Here are some headlines and news you should know:

Prime Foreclosures Are On the Rise

Despite efforts to assist distressed homeowners, the number of foreclosure actions completed by mortgage servicers has steadily risen over the past four quarters, according to a new report from the Comptroller of the Currency and the Office of Thrift Supervision. "Completed foreclosures increased across all risk categories, with the highest percentage increase among prime mortgages," the OCC/OTS Mortgage Metrics report says.

New home sales plunged 33% in May…

After the expiring homebuyer tax credit pushed sales in April to the highest level since August 2008. Most housing analysts expected a decline but not one this significant. According to the U.S. Census Bureau, sales of newly constructed single-family homes dropped to a seasonally adjusted annual rate of 300,000 in May from a 446,000 rate in April.

California Fared Better

The California Association of Realtors reported that sales increased 1.2% compared to May a year ago. The median price statewide jumped 23.2%, to $324,430.

Short sales continue to grow…

In Q1 as an alternative to foreclosure, increasing 9.2 percent to 41,033 – more than doubling from a year ago.

Our Country's Debt Is Growing and is a Growing Concern

Debt Interest Payments (No principle, just interest) will be 28% of ALL Federal Tax Revenue by 2014. Source: Niall Ferguson, Harvard Professor and author. The States will continue to have crisis after crisis over the next two to four years that will catch up to our Bond market causing

the rate we pay as a Country to go up on our National debt and forcing us into a national crisis that will all but force massive cuts in what we have grown accustomed to and expect.

Report by Lender Processing Services Inc. (LPS)

Report shows a 2.3% month-over-month increase in the nation's home-loan delinquency rate to 9.2% in May.

The percentage of mortgage loans in default beyond 90 days increased slightly, while both delinquency and foreclosure rates continue to remain relatively stable at historically high levels. There are currently more than 7.3 million loans currently in some stage of delinquency.

The report also shows that the average number of days for a loan to move from 30-days delinquent to foreclosure sale continues to increase, and is now at an all-time high of 449 days**, resulting in an increase in "shadow" foreclosure inventory.**

Commercial Delinquencies

The delinquent unpaid principal balance (UPB) for commercial mortgage-backed securities (CMBS) grew by $2.9 billion last month, according to Realpoint's monthly delinquency report. The total delinquent UPB at the end of May was $57.34 billion - a 205% increase from a year ago, when the reported delinquent UPB was $18.78 billion.

Delinquencies on loans in commercial mortgage-backed securities rose by the smallest amount in 11 months in June but could accelerate again, according to a new report from Fitch. Fitch said its CMBS delinquency index rose to 8.14% in June from 7.97% in May. The hotel sector continued to have the highest delinquencies, although the rate was flat at 18.6%.

Good News

The IMF raised its global growth forecast, and expects the world economy to expand 4.6% this year vs. an April projection of 4.2%. The revision reflects stronger-than-expected growth in the first half of the year, with Canada and the U.S. leading advanced economies. The growth forecast for 2011 is unchanged at 4.3%, making the IMF the most recent agency, but certainly not the first, to foresee slowing growth next year as the recovery loses some steam.

Multiple Credit Relationships Lead To Fewer Delinquencies

A new study developed by TransUnion finds that consumers with multiple account relationships with the same lender outperform consumers who maintain only one relationship with that lender, with the biggest improvements in delinquencies seen among mortgages.

(Now I suppose we will see legislation sponsored that offers tax breaks to those who will do all of their business from mortgage, to credit card, to life and homeowners insurance with just one company. My Dad said not to put all my eggs in one basket. I think I'll follow his advice.)

Congressional Budget Office

The government's bailout of Fannie Mae and Freddie Mac, placing the companies in conservatorship in September 2008, has been costly. The two GSEs, so far, have been given over $150 billion to stay afloat. And recent estimates from the Congressional Budget Office put the tab for subsidizing Fannie and Freddie at $389 billion, when all is said and done.

Orange County CA.

The inventory of homes in foreclosure and short sales that are on the market in Orange County, Calif., has grown by 29% so far this year, according to Altera Real Estate. The company notes, "The active distressed inventory has increased from 2,555 homes at the beginning of the year to 3,307, levels not seen since May of 2009." In Orange County, the distressed homes inventory represents 31% of the current active inventory.

HAMP Numbers

Servicers completed 51,200 permanent modifications in June, a 7% improvement from May, but also dropped a record 91,100 borrowers in payment trials from the program.

Overall, the Home Affordable Modification Program has helped nearly 400,000 struggling borrowers reduce their mortgage payments to 31% of monthly income as part of permanent modifications to their residential loans.

But 520,800 mortgagors that attempted to qualify by completing the three-month payment trials fell short and their trials were cancelled by servicers.

Refinance Applications Account for 80% of the Market

Refinancing applications are now at their highest level since last spring and are driving the increase in this week's Mortgage Bankers Association Market Composite Index.

Bernanke called the economic outlook; "unusually uncertain"!

Bernanke said the Fed is prepared to take more policy actions as needed, but isn't ready "to take any specific steps in the near term." He also noted that current policy is "already quite stimulative" and available options "are not going to be conventional options." Bernanke sees "moderate" economic growth despite a "somewhat weaker outlook" and low inflation with significant time needed to restore jobs.

Unemployment for IE and Other Areas

http://www.bls.gov/web/metro/laulrgma.htm This link will take you to the US labor statistics. Please pay attention to the U-6 figures as they reflect a more accurate picture.

Protecting Tennant At Foreclosure Act

Renters who find themselves indirect victims of foreclosure were not forgotten in the financial reform legislation. The Dodd-Frank bill will extend the Protecting Tenants at Foreclosure Act (PTFA) through the end of 2014.

Freddie Mac Report Their Delinquencies Are Down

The number of past due home loans guaranteed by Freddie Mac has fallen below the 4 percent threshold. The company's latest report shows that the number of single-family mortgages at least three months past due or in foreclosure stood at 3.96 percent at the end of June. That's down from a high of 4.20 percent as recently as February

China's Massive Spending May Be Coming to an End?

Chinese manufacturing slowed in July, with the official purchasing managers' index sinking to its lowest level since February 2009. Chinese growth is being restrained partly by government curbs on lending and property speculation but, taken together with disappointing growth in the U.S. and elsewhere, the slowdown in Chinese manufacturing will likely add to global recovery fears.

Great News on HSBC

HSBC's net income doubled as the bank's North American unit returned to profitability for the first time in three years and loan loss provisions dropped 46%.

HAMP, Fannie, Freddie and FHA

They're all reporting better numbers based on new originations. HAMP can now report that while very selective on who ultimately gets a modification; those that do are performing much better. Fannie, Freddie and FHA are all reporting that the current group of borrowers applying for loans is some of the best quality of borrowers they have seen in recent memory.

If you are in the business you know this to be true as many in the business are afraid to fund a loan since "buy backs" are now a daily topic around the office.

A Double Dip Will Be Historically Unusual

So say the experts and I sure hope they are correct. Overall the economy is doing better and the recovery is personal and the timing of the recovery depends on when you get a job that allows you to pay your bills.

Buyers, Hear Me On This. The Time Is Now!

Yes, values are predicted to go lower, but the cost of money is expected to go up the minute employment figures stabilize as the Feds head of inflation. Just a 2% jump in interests will erode

a huge amount of purchasing power for you. Rates are artificially being held down to get you to take action. Do it now.

$250,000 loan amount at today's 5% is $1,342.05, principle and interest. At 7% the payment is $1,663.26. The difference is $321.21. At 7% over a 30 year term this predicted jump will erode, $48,280.29 of your buying power.

If the homes are predicted to go down another 7 to 10%, that's between $17,000 and $25,000 in temporary losses of value on a home that you bought at historic low interest rates fixed for thirty years. If you wait, you may have to pay much more in interest and possibly eroding any perceived gains due to temporary price. My advice, feel free to jump. If you wait, you may be paying more in interest. This could cost you more in the long run.

Respectfully,

Chris Sorensen

Founder, USA HELP, Inc.

E-mail me at; info@freehomeownershiphelp.org

If you wish to not receive e-mails from me/us, simply let us know and we will remove you.

This just in: WASHINGTON — Senate appropriators are annoyed at the slow implementation of the government's Home Affordable Mortgage Program and want residential servicers — including the nation's megabanks — to be held accountable. Source, National Mortgage News

The Nations mortgage insurance companies issued 65,792 notices of default in June, compared to 60,337 cures, ending a four-month streak where NODs lagged. Source, National Mortgage News