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Conforming loan limit for U.S. to remain \$417,000 in 2009; different limits in some areas

WASHINGTON, DC - The Federal Housing Finance Agency (FHFA) today announced the conforming loan limit will remain \$417,000 for 2009 for most areas in the U.S. but specified higher limits in certain cities and counties. The conforming loan limit is the maximum size of loans that Fannie Mae and Freddie Mac can purchase in 2009.

According to provisions of the Housing and Economic Recovery Act of 2008 (HERA), the national loan limit is set based on changes in average home prices over the previous year, but cannot decline from year to year. Loan limits for two-, three-, and four-unit properties in 2009 will remain at 2008 levels as well: \$533,850, \$645,300, and \$801,950 respectively, for homes in the continental U.S.

The national limit was left unchanged at \$417,000 based on declines in FHFA's monthly and quarterly house price indexes over the past year. The monthly purchase-only index declined 5.9 percent over the 12 months ending August 2008, and the quarterly all-transactions index dropped 1.7 percent from second quarter 2007 to second quarter 2008. Virtually every other measure of house prices has also fallen, with many showing even larger declines. FHFA has not yet determined whether it will continue to use a currently existing FHFA price index to gauge price movements in future years. For this year, however, all reliable metrics point to lower prices, and a price decline of any size is sufficient to determine that the national limit will not change.

Following the provisions of HERA, FHFA has set loan limits for "high-cost" areas in 2009. These limits are set equal to 115 percent of local median house prices and cannot exceed 150 percent of the standard limit, which is \$625,500 for one-unit homes in the continental U.S. The new limits affect loans purchased by an Enterprise in 2009, unless the loans were made permanently eligible for purchase under the Economic Stimulus Act enacted earlier in 2008 and has generally higher limits.

Under rules set forth in the Stimulus Act, loans originated in 2008 and the second half of 2007 are subject to limits of 125 percent of local price medians up to a maximum of \$729,750. As a result of the difference in the formula for determining high-cost area limits, many of the high-cost area loan limits are different for 2009 than they were for 2008. They are generally lower because of the lower median price multiplier in HERA (i.e., loan limits are 115 percent rather than 125 percent of median prices) and the lower ceiling (\$625,500 rather than \$729,570). For loans originated during the period covered by the Stimulus Act, the higher of those limits and the 2009 limits will apply.

In calculating loan limits, FHFA used median house price estimates calculated by the Federal Housing Administration (FHA) of the Department of Housing and Urban Development (HUD). Those values have been estimated in a manner consistent with requirements of the National Housing Act, which requires that median prices for all counties in metropolitan statistical areas (MSAs) be set equal to the median price for the highest-cost county. FHA has estimated median house prices for the purpose of setting its own loan limits and has used data from a number of sources, including aggregated county recorder data (supplied by Radar Logic), the American Community Survey, and the National Association of Realtors.

HUD will allow a 30-day appeals period for those wishing to contest its median price estimates. Appeals are to be based upon data suggesting a potentially higher price median for a given area. Details concerning the appeals process will be released today in an FHA mortgagee letter. To the extent that appeals are deemed valid and HUD's median price estimates change in response to the one-time appeals process, the FHFA loan limits will be changed to reflect the updated data.

While FHFA has used median house prices estimated by FHA for 2009 loan limits, it may choose alternative methods in future years. FHFA will be seeking public comment on a forthcoming proposal concerning the best approach to measuring price medians for this application.

As in previous years, the 2009 maximum conforming limits are higher in Alaska, Hawaii, Guam, and the U.S. Virgin Islands than in the contiguous U.S. In those areas, as delineated in the attached list, loan limits vary from \$625,500 to \$721,050 for one-unit properties.

In addition to a table containing a list of all conforming loan limits for all U.S. counties and statistically equivalent areas, also attached is a list showing only those areas where 2009 loan limits are set by the high-cost area provisions in HERA. These areas have loan limits above \$417,000 for one-unit properties in the continental U.S. and above \$625,500 for properties in Alaska, Hawaii, Guam and the U.S. Virgin Islands.

The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$6.2 trillion in funding for the U.S. mortgage markets and financial institutions.

Copied in its entirety from the Federal Housing Finance Agency website at: <http://www.fhfa.gov/>

The Home Loan Learning Center

The HomeLoanLearningCenter.com provides step-by-step information on how to become financially literate. Armed with the facts, your next move could be into your own home. Learn about credit reports and scores; the true cost of owning a home; and how to compare the costs of owning versus renting a home. The Web site provides in-depth, easy-to-read home loan product information in the All About Mortgages section, which includes information on how to qualify for a loan, what the documents mean, what's in the mortgage payment and mortgage calculators to help consumers plan their payments.

HomeLoanLearningCenter, powered by the Mortgage Bankers Association, is committed to empowering the consumer to make informed financial decisions through access to financial education. We encourage consumers visiting the Web site to continue their financial education by taking advantage of the comprehensive set of links to each state, federal, non-profit and consumer group Web sites.

It is important that homeowners be prepared for the unexpected, such as the evacuation of their home due to hurricane, forest fire, flooding or other natural disasters. Having a checklist of legal and financial documents to carry with you is key. See a list of tips to learn more about necessary contact numbers you need in the aftermath of a natural disaster.

Copied from Mortgage Bankers Association Web site at: www.homeloanlearningcenter.com

C.A.R. Reports Sales Increased 117.1%; Median Home Price Fell 39.9% in October

LOS ANGELES (Nov. 25) – Home sales increased 117.1% in October in California compared with the same period a year ago, while the median price of an existing home fell 39.9%, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) reported today.

“Statewide sales increased significantly in October to 552,750 homes on an annualized basis, the highest sales level since late 2005,” said C.A.R. President James Liptak. “The record gain stemmed primarily from extremely large increases in regions with a high concentration of distressed sales. “Most October sales likely opened escrow prior to the beginning of the ongoing freeze in the financial markets. We won’t have a clear picture of the full impact of the fallout until November and December sales are reported,” Liptak added.

Closed escrow sales of existing, single-family detached homes in California totaled 552,750 in October at a seasonally adjusted annualized rate, according to information collected by C.A.R. from more than 90 local REALTOR® associations statewide. Statewide home resale activity increased 117.1% from the revised 254,650 sales pace recorded in October 2007. Sales in October 2008 increased 9.5% compared with the previous month. The statewide sales figure represents what the total number of homes sold during 2008 would be if sales maintained the October pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales.

The median price of an existing, single-family detached home in California during October 2008 was \$311,060, a 39.9% decrease from the revised \$517,240 median for October 2007, C.A.R. reported. The October 2008 median price fell 1.9% compared with September’s revised \$316,960 median price.

(continued below)



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CALIFORNIA CREDIT UNION PHONE HOME LOAN CENTER 2009 HOLIDAY SCHEDULE

Please be reminded that California Credit Union Phone Home Loan Center is open for your convenience 6 days a week. Please dial 877-228-4873, Monday through Friday from 9:00 AM to 5:00 PM and Saturday from 9:00 AM to 1:00 PM when one of our Loan Officers will be available to answer your questions and assist you with your purchase or refinancing needs. We will observe the following holidays:

January 1, Monday; New Year’s Day
January 19, Monday; Martin Luther King, Jr. Day
February 16, Monday; President’s Day
May 25, Monday; Memorial Day
September 7, Monday; Labor Day
October 12, Monday; Columbus Day
November 11, Wednesday; Veteran’s Day
November 26, Thursday; Thanksgiving
November 27, Friday; Day After Thanksgiving
December 25, Friday; Christmas Day



USEFUL RESOURCES WEBSITES

- California Department of Real Estate:
<http://www.dre.ca.gov/>
- California Association of Realtors:
<http://www.car.org/>
- Annual Credit Report:
<https://www.annualcreditreport.com/cra/index.jsp>
- National Credit Union Administration:
<http://www.ncua.gov/>
- Board of Governors of the Federal Reserve System:
<http://www.federalreserve.gov/>
- California Department of Financial Institutions:
<http://www.dfi.ca.gov/>
- Comptroller of the Currency:
<http://www.occ.treas.gov/aprwin.htm>
- Housing and Urban Development:
<http://www.hud.gov/>
- Credit Union National Administration:
<http://www.cuna.org/>
- National Credit Union Administration:
<http://www.ncua.gov/>
- Los Angeles County Treasurer and Tax Collector:
<http://tfc.lacounty.gov/>
- County of San Bernardino:
<http://www.co.san-bernardino.ca.us/>
- County of Orange:
<http://egov.ocgov.com/portal/site/ocgov/>

C.A.R. Reports (continued)

“The year-to-year decline in the statewide median home price was smaller in October than the previous month for the first time in 11 months,” said C.A.R. Vice President and Chief Economist Leslie Appleton-Young. “However, there is still no conclusive indication that prices have begun to stabilize.”

HIGHLIGHTS OF C.A.R.’S RESALE HOUSING FIGURES FOR OCTOBER 2008:

- C.A.R.’s Unsold Inventory Index for existing, single-family detached homes in October 2008 was 5.9 months, compared with 15.2 months (revised) for the same period a year ago. The index indicates the number of months needed to deplete the supply of homes on the market at the current sales rate.
- Thirty-year fixed-mortgage interest rates averaged 6.20% during October 2008, compared with 6.38% in October 2007, according to Freddie Mac. Adjustable-mortgage interest rates averaged 5.21% in October 2008, compared with 5.68% in October 2007.
- The median number of days it took to sell a single-family home was 45 days in October 2008, compared with 58.8 days (revised) for the same period a year ago.

Regional MLS sales and price information are contained in the tables that accompany this press release. Regional sales data are not adjusted to account for seasonal factors that can influence home sales. The MLS median price and sales data for detached homes are generated from a survey of more than 90 associations of REALTORS® throughout the state. MLS median price and sales data for condominiums are based on a survey of more than 60 associations. The median price for both detached homes and condominiums represents closed escrow sales.

In a separate report covering more localized statistics generated by C.A.R. and DataQuick Information Systems, 1.6 percent, or 6 out of 378 cities and communities, showed

an increase in their respective median home prices from a year ago. DataQuick statistics are based on county records data rather than MLS information. DataQuick Information Systems is a subsidiary of Vancouver-based MacDonald Dettwiler and Associates. (The top 10 lists are generated for incorporated cities with a minimum of 30 recorded sales in the month.)

Note: Large changes in local median home prices typically indicate both local home price appreciation, and often, large shifts in the composition of housing market activity. Some of the variations in median home prices for September may be exaggerated due to compositional changes in housing demand. The DataQuick tables listing median home prices in California cities and counties are accessible through C.A.R. Online at <http://www.car.org/economics/historicalprices/2008medianprices/oct2008medianprices/>.

- Statewide, the 10 cities with the highest median home prices in California during October 2008 were: Newport Beach, \$1,150,000; Danville \$883,250; Mountain View, \$860,000; Santa Barbara, \$835,000; Los Gatos, \$810,000; Cupertino, \$804,500; Santa Monica, \$744,500; San Mateo, \$740,000; Redondo Beach, \$727,500; and San Ramon, \$710,500.
- Statewide, the cities with the greatest median home price increases in October 2008 compared with the same period a year ago were: Mountain View, 18.6%; Alhambra 13.4%; Ridgecrest 6.2%; and Berkeley, 5.9%

Leading the way...® in California real estate for more than 100 years, the CALIFORNIA ASSOCIATION OF REALTORS® (www.car.org) is one of the largest state trade organizations in the United States, with nearly 180,000 members dedicated to the advancement of professionalism in real estate. C.A.R. is headquartered in Los Angeles.

Copied in its entirety from the California Association of Realtors website at: <http://www.car.org/>