

Media Advisory



[Bloomberg.com](http://www.bloomberg.com)

U.S. housing starts drop to lowest level in 17 years

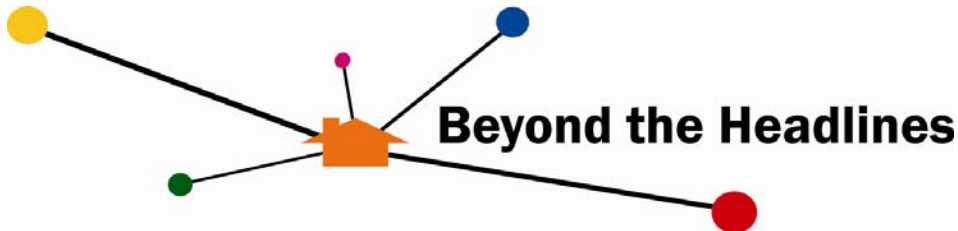
May building permits fell and housing starts dropped to their lowest level since 1991 in a sign of continued weakness in the housing sector, the U.S. Dept. of Commerce reported on Tuesday.

KEEP THIS IN MIND...

- Housing starts fell 3.3 percent to 975,000 in May, down from a revised 1.08 million in April. The May figure was down 32 percent from the same month a year ago and was slightly lower than the 980,000 starts expected by economists. In the West, which includes California, starts were down by 10 percent.
- Building permits, a signal of future new construction trends, fell to 969,000 – a 1.3 percent decline but slightly better than the 960,000 level economists expected.
- The growing inventory of foreclosures, higher mortgage rates, tighter qualification criteria and continued declines in home values are behind declining builder confidence, which fell to a record low in May, according to a survey by the National Association of Home Builders and Wells Fargo.

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601110&sid=aVrx2EuK2NzU>



CNMoney.com

73,000 homes lost to foreclosure in May

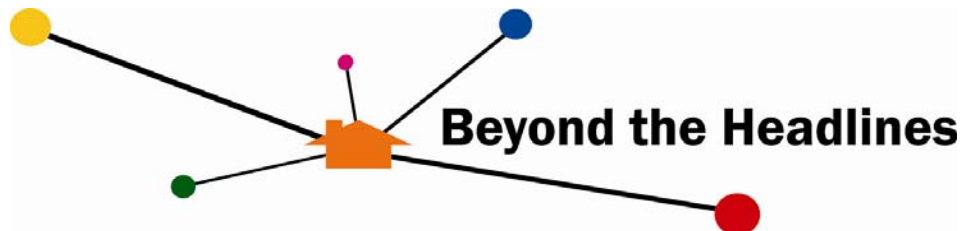
California, Nevada and Florida continue to outpace other states in the number of foreclosures as 73,000 more Americans lost their homes in May – a 158 percent increase from May 2007. Foreclosure filings jumped 7 percent from April and were 48 percent higher than a year ago. May was the twenty-ninth consecutive month of increases, according to RealtyTrac

KEEP THIS IN MIND...

- 20,000 California homeowners lost their homes in May and 72,000 mortgages were at some stage in the foreclosure process. That means one of every 183 California households was affected in May, putting California right behind Nevada, with one out of every 118 households affected.
- Nine of the 10 most affected cities were in Florida or California. Topping the list was Stockton, with one in 75 households affected by a foreclosure filing. Merced ranked third, Modesto was fourth and Riverside was fifth.
- RealtyTrac expects foreclosure rates to continue to rise as Alt-A adjustable rate mortgage (ARM) loans originated during the waning months of the real estate boom begin to adjust upward.

To read the full story, please click here:

http://money.cnn.com/2008/06/13/real_estate/foreclosures_may/index.htm?postversion=2008061308



[Los Angeles Times](#)

Housing woes hit community banks

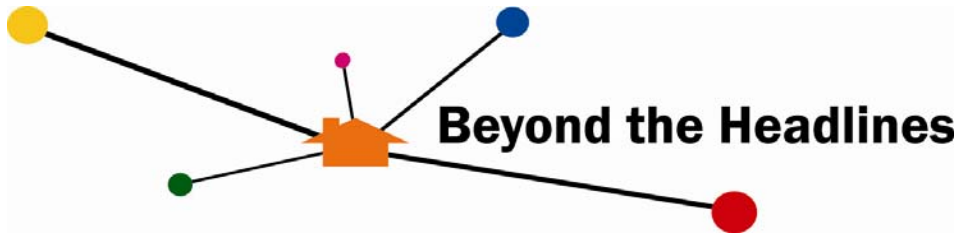
Heavy investment in residential real estate development throughout inland California communities during the real estate boom is taking its toll on community-based banks, as noted in a Federal Reserve regional report issued last week.

KEEP THIS IN MIND...

- Many community banks gave up mass-market products like credit cards and mortgages in recent years in favor of the high fees they earned making loans to residential developers and home builders. As new home developments sat empty in the wake of the sub-prime mortgage crisis and both land values and home prices plummeted, community banks were left holding a portfolio of loans worth dimes on the dollar.
- Regulators are acting to require that banks write down the value of troubled loans and generate more capital to cover the write-offs. These losses are increasingly apparent in regulatory filings and shareholder earnings reports.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-smallbanks17-2008jun17.0.4723238.story>



In Other News...



The Associated Press

Real estate close-up: San Francisco

To read the full story, please click here:

<http://ap.google.com/article/ALeqM5h-be0d4jS06NJwR2-olYNRf3jeWQD919B9C80>



[Los Angeles Times](#)

Gas prices latest worry for real estate market

To read the full story, please click here:

http://www.latimes.com/news/printedition/front/la-fi-homes17-2008jun17_0,7677060.story



[San Francisco Chronicle](#)

Want to buy foreclosed homes? Take a tour

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/06/15/BUMT116R0D.DTL>



[Santa Cruz Sentinel](#)

Santa Cruz Mortgage files for bankruptcy

To read the full story, please click here:

http://www.santacruzsentinel.com/ci_9573297

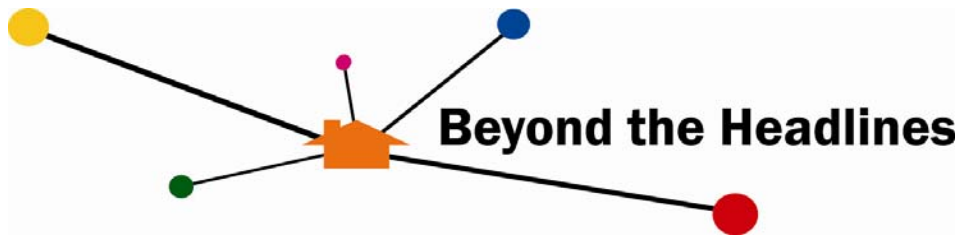


[Sonoma Index-Tribune](#)

A great time to buy a house

To read the full story, please click here:

<http://www.sonomanews.com/articles/2008/06/12/news/doc4851cc2bd36f1735506438.txt>



What you need to know about the market

- Twenty- and thirty-something renters with a downpayment are increasingly attractive to real estate agents – especially in markets where home prices have fallen and having a client with a home to sell is less and less attractive, according to a recent story in *USA Today*. Many of these potential clients prefer to work with a technology-savvy agent from their own generation, and a growing number of brokerages are responding by creating an age-appropriate sales force adept at using social media and other technologically enabled marketing approaches to attract and serve Gen-X and Gen-Y clients. Desirable as they are, these young potential buyers can have trouble qualifying, thanks to student loans and credit card debt. With tighter lending standards, young buyers with 5 percent saved for a downpayment increasingly are turning to Mom and Dad for help meeting today's additional qualification criteria. That means agents must win over these non-traditional buyers and their baby boomer parents.
- The sub-prime mortgage crisis in the United States and resulting credit crunch has had negative implications for established countries like Great Britain. However, it hasn't stopped the real estate boom occurring in developing countries like Mexico, Brazil, the former Soviet Union, India and China, which are among the world's fastest-growing economies. Low interest rates in countries with currencies pegged to the dollar and a shortage of homes that appeal to the growing middle class are bolstering real estate and land values, according to a report issued by Fitch Ratings. Home ownership, which was rare in these countries in the past, is being buoyed by growing housing affordability and economic growth fueled by dramatic increases in disposable income.
- An allied group of mortgage lenders and servicers that calls itself "Hope Now" Tuesday unveiled a set of guidelines it says will give struggling U.S. mortgage holders a broader range of options to help them avoid foreclosure, including relief measures aimed at those with second mortgages and homeowners seeking a short sale. Alliance members pledged to offer a wider range of options to help homeowners, including loan modifications, repayment plans, and temporary suspension of mortgage payments. The agreement could include similar offers of assistance for homeowners with second mortgages or those seeking a short sale, where the amount of an offer to purchase is less than the amount owed on the loan. The new guidelines require that alliance members meet certain deadlines for acting on a borrower's request for assistance. Hope Now previously announced procedures and guidelines for determining if borrowers qualify for lower rates of interest on their adjustable rate mortgages (ARMs). Founded last year and guided by the U.S. Treasury Dept., the private sector group has helped some 1.2 million homeowners avoid foreclosure by offering lower interest rates or adjusting the loan repayment schedule.