

The New York Times

A hidden fee is set to rise

The guarantee fee – a hidden fee inside the interest rate quoted on a home mortgage – has been mandated by Congress to increase this spring, and other increases are likely later to take place later this year and next.

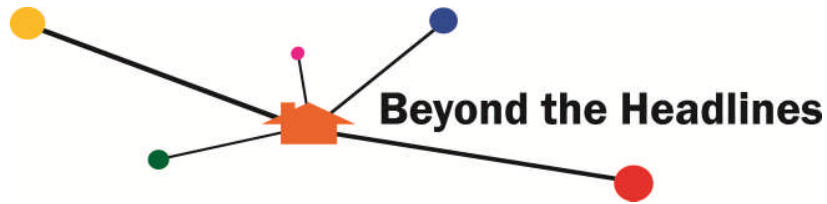
Making sense of the story

- The guarantee fee has been charged by government sponsored entities like Fannie Mae and Freddie Mac for more than three decades. The fee does not show up in borrowers' mortgage documents or good-faith estimates, and it is little known outside the industry. According to a Fannie Mae spokesman, the fee “gets incorporated into the underlying rate the borrower pays.”
- An interest rate is usually made of up three parts: The largest goes to the bank or the investors who buy the loan; the smaller portion is for the mortgage servicer that collects monthly payments; and then there's the guarantee fee. Fannie and Freddie charge guarantee fees as a form of insurance against default for the loans they acquire and resell to investors.
- The guarantee fee will rise 10 basis points on April 1; the increase was included in the two-month extension of the payroll tax reduction last December. A basis point is equal to one one-hundredth of 1 percent, or 0.01 percent.
- One way to avoid the guarantee fee is to use a lender that does not sell off its loans – for instance, a community bank or a credit union.
- In addition to offsetting risks, the fees provide a primary source of revenue for Fannie Mae and Freddie Mac. Both organizations started raising fee rates in 2008 during the housing crisis, as foreclosure costs rose.

Read the full story

<http://on.car.org/zzuPXI>

March 8, 2012



In other news ...



San Francisco Chronicle

Feds roll out new mortgage refinance program

On Tuesday, the Federal Housing Administration announced it will slash mortgage insurance premiums for certain homeowners who refinance an FHA loan into a new one under its streamlined program.

Read the full story:

<http://on.car.org/xCLpXt>



San Diego Union-Tribune

New housing scam emerges in California

State officials have noticed an emerging scam: Callers say they will help homeowners apply for Keep Your Home California benefits for fees of up to \$900. The calls are happening statewide. Applying for the program is free.

Read the full story:

<http://on.car.org/z12cQO>



The Wall Street Journal

Are more new foreclosures a good thing?

Foreclosures starts jumped 28 percent in January compared with December, although starts were down 11.5 percent from the same month in 2011, according to data firm Lender Processing Services.

Read the full story:

<http://on.car.org/w2Ovhi>



The Wall Street Journal

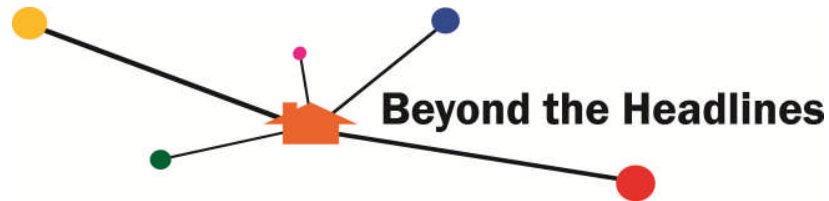
“Forced” home insurance policies face new scrutiny

Officials at the state and federal level are concerned that insurers have been charging too much for something known as “force-placed insurance,” which takes the place of a lapsed policy.

Read the full story:

<http://on.car.org/AuJAPS>

March 8, 2012



San Francisco Chronicle

Consumer confidence up in February

The Conference Board's Consumer Confidence Index currently stands at 70.8, up from a revised 61.5 in January, helped by consumers' improving assessment of the job market.

Read the full story

<http://on.car.org/y3Hfil>



The Los Angeles Times

Lowering our expectations for foreclosure settlement

The shortcomings of the \$25-billion deal with five major banks seem to proliferate with each passing day.

Read the full story

<http://on.car.org/w13HZv>



The Wall Street Journal

Number of "underwater" borrowers rises

CoreLogic said Thursday that 11.1 million of American households with a mortgage were "underwater" at the end of last year. That was up from 10.7 million of properties in the third quarter of 2011.

Read the full story

<http://on.car.org/x792OG>



The Wall Street Journal

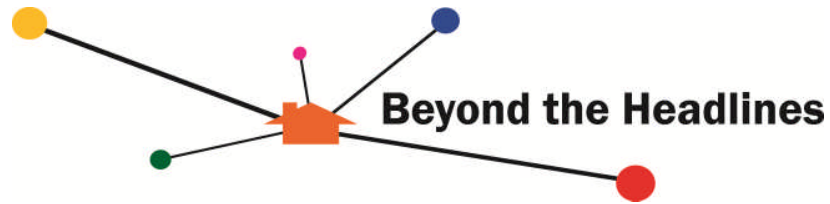
Report criticizes housing regulator on mortgage servicing

A report by the Inspector General for the Federal Housing Finance Agency says that the FHFA hasn't done enough to oversee mortgage-servicing companies used by Fannie Mae and Freddie Mac to collect payments on home loans despite widespread attention to problems in the industry.

Read the full story

<http://on.car.org/xlQS05>

March 8, 2012



What you should know

- The greatest hindrance to the sale of a home can be a seller who is seized by emotion. Home sellers who allow emotions and sentimental attachments to overtake them during the sales process run the risk of making hasty, sometimes poor decisions.
- One is to overprice the property. Getting top dollar is the dream of every home seller, but getting a buyer to pay a premium for features that are valuable only to the seller is closer to a fantasy.
- The truth is, prices have nothing to do with the seller's emotional affinity for the property. It's important sellers understand that as early as possible.
- Sellers who bought at the top of the market likely won't see that same price from today's buyers.

March 8, 2012