

NEWS YOU CAN USE

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Beware—Truth in Lending

Starting July 30, transactions could be slowed as lenders try to navigate changes to rules ("Reg. Z") on consumer disclosures under the Truth in Lending Act (TILA). You need to be aware of new time pressures lenders are under and what it means to your closing.

Here's what's happening under these "Reg. Z" changes: Within three days of taking a loan application, lenders must give borrowers the Truth in Lending Act (TILA) disclosure and the Good Faith Estimate (GFE), then give borrowers a mandatory seven-day waiting period before the transaction can go to closing. Both the TILA disclosure and the GFE are required now but without the constrained timeline. Borrowers can elect to waive that seven-day holding period, but the Federal Reserve, which oversees TILA, says the waivers are not for the convenience of borrowers; they're only to accommodate borrowers in the event of a financial emergency.

There's another requirement: if the final annual percentage rate (APR) differs from the APR on the GFE by at least 0.125 percent, then another mandatory holding period, of three days, kicks in.

This could be a problem if the final APR isn't known until just before the scheduled closing. You could have a situation in which the family has the moving truck all loaded only to learn the day before closing that the APR is different by at least 0.125 percent from the APR on the GFE. Suddenly the closing can't happen as scheduled. The rules apply to primary homes and second homes; they don't apply to investment properties.

Putting Your House Up For Sale? Get These Essential Tips



If you want to get the best price for your house, it's essential to prepare it for sale. Homes that have been "staged" go for a lot more money... and sell much more quickly, too.

To give you a head start, get my free guide, "50 Essential Tips to Prepare Your Home for a Speedy, Top-Price Sale."

Just call me at 843-368-1510 and I'll send it right out to you.

Wanting to Sell—New Appraisal Rules Await

The Home Valuation Code of Conduct (Code) announced by Fannie Mae and Freddie Mac (Enterprises) in December 2008 was developed after a long period of public input and was deployed on May 1, 2009, after a four-month transition period. The Code expanded on existing Enterprise appraisal standards, seeking to redress problems that contributed to the current mortgage crisis and to improve the quality of the mortgage loans they purchase.

Unfortunately, during the 2005 to 2007 period, mortgage lending was much too aggressive and placed pressure on the appraisal process. In some cases, that resulted in unrealistically high appraisals, hurting homebuyers as well as investors. The HVCC is designed to promote professional appraisals free from inappropriate pressure from lenders, borrowers or brokers.

In application it just isn't working and there needs to be immediate clarification or the transaction is at risk. Transactions are being delayed and sales lost because of poor appraisals conducted often by inexperienced appraisers who are not familiar with the area.

If you are a seller you need to discuss with your Realtor what the implications of HVCC are when you finally get a contract and the buyer needs financing. The deal you thought was a slam dunk just turned sour. Be Prepared.

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Dick Berger
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Are Short Sales Really the Answer???

Dealing with the burden of owning a home that's underwater, or worth less than the underlying mortgage, can be financially devastating. Go into foreclosure and the blemish will stay on your credit report for the next seven years. Try to eke by and you put the rest of your finances in danger.

One solution some struggling homeowners turn to in hopes of limiting the financial damage is a short sale. A real-estate short sale entails selling the home at a loss under an agreement with the lender.

But while a short sale may seem like a great way to avoid the financial fallout of foreclosure, it's not always the smartest move. In certain states, for example, a homeowner may have better legal protections by going the foreclosure route. And the damage to your credit score is the same whether you carry out a short sale or foreclose on the home.

Here's what you should know about short sales before taking the leap.

1. Your credit score will tank anyway

Contrary to what many homeowners believe,

a short sale can have the same devastating impact on a credit score as a foreclosure. A short sale, a foreclosure and a deed-in-lieu, which lets the borrower transfer the property deed to the lender and walk away from his home, have the same impact on your score because they are all regarded as serious delinquencies.

2. The lender may come after you for the difference

Depending on the state you live in, you may have more protections from your lender with a foreclosure than with a short sale. This is particularly true in states that ban deficiency judgments in foreclosure. Deficiency judgments empower lenders to sue borrowers if the home they lost in foreclosure is sold for less than what they owe.

3. You'll have less time to recover financially

In most states, a foreclosure takes at least several months — a time when homeowners don't make house payments and can create a cash cushion that will let them move on with their lives after they leave the property.

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Just give my office a call for a no-fuss, professional evaluation.

I won't try to push you into listing with me or waste your time.

I'll just give you the honest facts about your home and its value.

And maybe I'll also give you the "inside scoop" on what's happening in the housing market near where you live!

Just give my office a call at 843-368-1510 to arrange an appointment.



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Thanks for reading! If you'd like to tell me what you think about this newsletter, or if you're thinking of buying or selling real estate, please get in touch.

