Week Ending: June 13, 2008

U. S. Treasury Bonds

Security	Change	Yield
30 YR Bond	.038	4.802
10 Yr Bond	.056	4.261

Mortgage Point Change

Security	Change
30 Year Fixed	-0.4
15 Year Fixed	-0.41

National Averag Mortgage Rates

Mortgage	Rate	Points
30 Year Fixed	6.29%	0.7%
15 Year Fixed	5.87%	0.6%
1 Year Adjustable	5.07%	0.6%

Key Interest Rates

1 Year TBill	2.14%
11th District COFI	3.111%
Prime Rate	5.00%
Discount Rate	2.25
Fed Funds Rate	2.00

Market Direction

Rates are	Up
Rate Volatility	Moving Higher

Interest Rate Trends

Long Term 4-6 Weeks	Higher
Short Term 1-2 Weeks	Higher

SDAR reports increase in home sales

By NATALIE WARDEL, The Daily Transcript
Friday, June 13, 2008

The housings statistics reports for May bring good news: more people purchased homes in May 2008 than last year at the same time.
According to the 2008 May Monthly Housing Statistics from the San Diego Association of Realtors, total detached home sold listings are up 4.27 percent from May 2007 and attached home sold listings are up 4.67 percent.

This is the first time, locally, that sold listings have seen an increase over 2007 sales.

Statewide sales were up in April 2008 over April 2007, the first year-over-year increase in 30 months, said SDAR President Lori Staehling.

"With more than 5,000 detached homes currently available for less than $417,000, this is good news for buyers looking for affordable homes or investments," Staehling said. "This news is not surprising and keeps us cautiously optimistic that we are at or past the bottom of the market for San Diego."

The listings are also up from last month. There was an increase of 6.9 percent of sold listings in May from April, where there were 1,436 sold listings. In May, there were 1,539 listings, according to the SDAR.

The report comes as no surprise to Rick Hoffman, the Coldwell Banker president for the greater San Diego region. He said he believes that prices in the area have bottomed out -- or are close to it.

"We've had a steady increase every month since February," he said, noting that their office looks at new business statistics. "The new business written has doubled on a monthly basis since January of this year."

The real estate agent will become part of the June statistics. Hoffman purchased a home on Thursday, because he said he believes in the market.

The total sold listings for attached homes are up 13.9 percent from April, when there were 688 sold listings. In May there were 784 attached homes sold, SDAR reported.

"At the end of the day, I believe that people in our country really do want to own their own home and, given a reasonable action to be able to own their own home, they'll do it," Hoffman said.

He added that the statistics show it could be the end to a market slowdown that started in summer 2005.

Camp Pendleton's daunting task: billions of dollars in new construction

By THOR KAMBAN BIBERMAN, The Daily Transcript
Wednesday, June 11, 2008

Billions of dollars worth of projects are planned at Camp Pendleton within the next few years, with bachelor enlisted and family housing leading the way.

Navy Commander Marshall Sykes, civil engineer and public works officer, said while he loves being busy, coordinating all these projects is a huge challenge.

"We're having fun, but it's an uphill battle to get all the planned projects built," Sykes said.

Sykes explained that the bachelor enlisted housing of the past had three beds crammed into each room.

The new spaces are being constructed to accommodate no more than two persons each.
"Each (contract) package has 800 rooms. That's four buildings with 200 rooms in each," Sykes said.

All told, $877 million in eight contracts representing 6,500 rooms and 13,000 beds will have led to construction between fiscal years 2007 and 2011.

Two of these contracts were awarded in the 2007 fiscal year, one will be awarded in FY 2008 and five will be awarded in FY 2009.
For those who aren't single, something on the order of 7,000 new housing units have been created on the base under Camp Pendleton's Family Housing Program within the past five years.

"We have another 1,200 units planned and 924 of those have been programmed for funding," Sykes said, adding that the cost of this housing plan will also be in the hundreds of millions of dollars.
Sykes explained that unlike the bachelor enlisted quarters, the family housing is constructed with public/private partnerships.

The family housing (including the more than 700 newly-constructed units in the De Luz area of Camp Pendleton) is being built by a joint venture of El Paso-based Hunt Building Co., Dallas-based apartment builder Lincoln Property Co. and Clark Realty of Virginia.

Clark is a sister company of Clark Construction that was a co-builder of Petco Park. Lincoln has developed apartment units in San Diego County.

The homes and apartment units are being constructed as part of the Military Housing Privatization Initiative (MHPI), that allows private sector real estate developers, builders and property managers to partner with the Department of Defense.
Hunt has worked with the Department of Defense in the development of 24 MHPI projects totaling more than 32,000 units with project costs in excess of $5 billion.

There are plenty of other types of projects at Pendleton During the next two years, a new "Wounded Warrior" 100-room, 200-bed barracks will be created in about 62,000 square feet for injured soldiers from Iraq and Afghanistan.
"These will have larger, queen-sized beds and will have ADA (Americans with Disabilities Act) access," Sykes added.
While housing and all the infrastructure necessary to support it is a major part of the Camp Pendleton picture, there are also hundreds of millions of dollars worth of other projects.
There may be the occasional roadblock, however.
The 125,000-acre, 250-square-mile base that prevents one giant megalopolis from Los Angeles to San Diego, must not only balance its growth within a defense budget, but must do so while preserving 18 endangered species.

"We work closely with the U.S. Fish & Wildlife Service on this," Sykes said.
Sykes said the good news for Pendleton is that most of the future development areas are not in sensitive habitat areas.
A big question mark for Pendleton is what will happen with the proposed Route 241 toll road that would cut across the base between Oso Parkway in Rancho Santa Margarita to Basilone Road at Interstate 5 in San Onofre.

The California Coastal Commission has rejected the plan, which has since been appealed to the Commerce Department. A ruling is expected by this fall.
Camp Pendleton officials have elected to take a neutral position on the proposal.

In the meantime, Pendleton has an array of projects that have nothing to do with roads or long-term housing.
One of those is a $14 million design/build project for a new lodge (photo on page 1B). RJC Architects, a local architecture and planning company, is building the facility in conjunction with Bonsall-based RQ Construction.

The project will feature 69 ocean view rooms and suites, a landscaped courtyard and children's play and picnic areas in the heart of Camp Pendleton.
The new 50,662-square-foot, four-story lodge will be adjacent to the existing South Mesa Club.

Construction of the project, which will be the newest of the Inns of the Corps managed by Marine Corps Community Services, is expected to begin in July with completion slated for June 2009.

RQ Construction was also recently awarded a $54.5 million contract to design/build the Marine Corps Special Operations Command Headquarters (MARSOC).
The eventual six-building, 223,000-square-foot complex will include such functions as a supply warehouse, an academic facility and an armory among other uses. The project is slated for completion in 2010.
Sykes explained that the base, with the help of RQ Construction and other contractors, is in the midst of a multi-year process to upgrade the base's multiple armories to 21st century standards.

"Weapons have gotten much more sophisticated. Old armories can't handle this equipment," Sykes said.
In addition, RQ Construction is developing a $14.8 million to design and build a communications and electronics repair building. That complex is to be completed in May 2009.
Finally, the San Diego office of Soltek Pacific Construction is currently building a planned $6.1 million, 25,000-square-foot physical education facility.

Construction includes spaces for racquetball and basketball courts with wood floors, telescoping bleachers, aerobics, weight and cardiovascular training areas, restrooms, lockers, showers, saunas, equipment storage, laundry and administrative support areas.

The physical education facility is slated for completion in June 2009.

Some Buy a New Home to Bail on the Old
Fannie Plans Rules
To Avoid Practice Described as Fraud

By NICK TIMIRAOS
June 11, 2008

Next month, Michelle Augustine plans to walk away from her four-bedroom house in a Sacramento, Calif., subdivision and let the property fall into foreclosure. But before doing so, she hopes to lock in the purchase of another home nearby.

"I can find the same exact house as what I live in right now for half the price," says Ms. Augustine, 44 years old, who runs a child-care service out of her home. She says she soon will be unable to afford her monthly payments, which will jump to $4,000 from $3,300 in August, and she doesn't want to continue to own a home that is now worth $200,000 less than what she paid for it two years ago.

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In markets hit hardest by falling home prices and rising foreclosures, lenders and brokers are discovering a new phenomenon: the "buy and bail," in which borrowers with good credit buy a new home -- often at a much lower price -- then bail out of the "upside down" mortgage on their first home.

Homeowners are able to pull off this gambit -- which some lenders and real-estate agents call mortgage fraud -- by taking advantage of mortgage-lending practices that allow them to buy a new primary residence before their existing residence has been sold. And with the lending industry in disarray as it tries to restructure millions of mortgages, some boast they are able to pull off the strategy with ease.

In some cases, homeowners are coached through the buy-and-bail process by real-estate agents and brokers who see nothing wrong with it. Some blame the phenomenon in part on lenders' unwillingness to cut deals or restructure loans made when home prices were inflated. "It's just a business decision," says Linda Caoili, a Sacramento real-estate agent who is working with Ms. Augustine and others who are considering walking away from their mortgages. "If you're upside-down $250,000, why would you keep it? It just doesn't make sense."

To be sure, walking away from a mortgage, even if legal, has plenty of drawbacks: Borrowers lose the ability to take out unsecured loans, since foreclosures can stay on a credit report for seven years. In some states, lenders can sue for assets, including a new house. Fannie Mae, the government-sponsored mortgage underwriter, recently revised the amount of time borrowers with a foreclosure must wait to receive a home loan to five years from four. Proposed Fannie Mae guidelines, which could take effect later this month, also would require those borrowers to make a 10% down payment and meet a minimum credit score after the five-year period.

While buy-and-bail is on the rise, the practice doesn't appear to be widespread. Credit is much tighter now than it was during the real-estate boom, and most families with an upside-down mortgage likely will hold on to their homes and hope the market improves in the future -- even though many of them could lose their properties.

Still, with home prices falling rapidly in some parts of the country, a growing number of frustrated consumers are willing to take the risk -- especially in so-called nondeficiency states such as California and Arizona, where it is more difficult for a lender to sue consumers who walk away from their mortgages. Borrowers who bought or refinanced their home with a personal line of credit, however, instead of a home-purchase loan -- a common practice during the housing boom -- could be sued by a lender in those states. Borrowers also could be on the hook if lenders can show that homeowners committed fraud by misrepresenting themselves on their loan application.

Yet even in cases in which a lender could attach a lien on the new home, some homeowners simply assume that lenders are too swamped. "So many people are foreclosing, is it cost effective for lenders to go after all of these people?" says Steve Hawks, a Las Vegas real-estate agent who handles lender-owned properties.

That works in the favor of borrowers such as Blair Morrow. Last year, he rented out his Sacramento home when he moved to Houston for a new job, but he lost those renters in February. He quickly arranged to buy a new home in Houston, fearing that his old residence would be foreclosed and he would take a big hit on his credit.

"I had 30 days to make a decision: Live in a rental house the rest of my life or buy a house and walk away from the one in California," says Mr. Morrow, 56, who works at a car dealership. He wrestled with the decision for a while, but justified it once Countrywide Financial Corp., the lender for his first home, approved the new home loan. "Countrywide didn't say peep," he says. Countrywide didn't return calls seeking comment.

Ms. Augustine, the Sacramento day-care provider, became a first-time homeowner in November 2006 by taking out two loans with nothing down to cover the $426,000 home purchase. With her home valued at about $220,000 now, she is actively looking in nearby communities for another one to buy before the bank forecloses on her current home.

The mortgage industry is starting to wise up to the practice and is scrambling to fight back. Buy-and-bail is "certainly fraudulent and unfortunately on an uptick," says Gwen Muse-Evans, vice president for credit policy and controls at Fannie Mae. Although she doesn't have data to quantify the size and scope of the trend, Ms. Muse-Evans says overwhelming anecdotal reports have prompted the agency to draft tougher regulations aimed at closing one big loophole that allows underwater homeowners to qualify for new home loans.

That loophole currently works like this: Homeowners provide a rental agreement showing that they will rent out their first home, and underwriters allow rental income to cover as much as 75% of the mortgage payments on the first home when determining whether the borrower can make payments on two homes. This allows homeowners to secure a second mortgage that they might not otherwise afford.

Under revised Fannie Mae guidelines, which could take effect next week, loan applicants who claim they will rent out their first home will have to produce supporting evidence, including an executed lease agreement. Borrowers also will have to prove that they can pay the mortgage, property taxes and insurance for both residences. The guidelines will make an exception only for borrowers who have at least 30% equity in their current home.

Of course, many individuals still can qualify for that second loan because of a strong credit and cash position. If they "have the intention of fraud, then at the end of the day there's really little you can do to totally prevent that," says Ms. Muse-Evans.

Some private lenders aren't waiting for Fannie's lead. In April, underwriters handling bank-owned properties at IndyMac Bancorp Inc. told brokers they would require borrowers purchasing new homes while retaining their existing home as a rental to prove that they could make full payments on both homes to qualify for a loan. A memo sent to a Southern California broker said the policy change was prompted by "losses from individuals walking away from properties after the acquisition of a new home."

An IndyMac spokesman said the bank hadn't changed its policies and had always "underwritten loans with an eye towards insuring that our borrowers could readily rent out their current property and/or reasonably support both payments."

Realtors say the new guidelines could put further pressure on sales, but Lawrence Yun, chief economist for the National Association of Realtors, says the impact of such guidelines on sales would be marginal. He calls Fannie Mae's response appropriate because any artificial increase in home sales hurts the average consumer.

Meanwhile, Mr. Hawks, the Las Vegas broker, says he receives one to two dozen inquiries every week from individuals inquiring about a buy-and-bail. "People are starting to ask how much their good credit is worth," particularly when their home is underwater by hundreds of thousands of dollars.

The tactic doesn't appeal to people such as John Ristuccia, a 48-year-old Buckeye, Ariz., paper-company sales director whose job was moved to Houston in August. He is trying to complete a "short sale" for $425,000 on his five-bedroom, 4,000-square-foot home, which was appraised for $800,000 last year. In a short sale, a lender allows the sale of property for less than the amount due on the outstanding loan and often forgives the remaining debt.

Even though he might be able to qualify for a second home loan, Mr. Ristuccia says he wouldn't consider sticking his bank with his suburban Phoenix property. "Just personally I've got a problem with that," he says. "I really can't put it in terms other than it feels wrong."

Apartment on Iowa sold for $1.1 million

Thursday, June 12, 2008

The 10-unit apartment community in North Park at 4084 Iowa St. in San Diego has been sold for $1.1 million.

The buyer was Carolann M. Pollan as trustee of four separate trusts, 3245 Curlew St., San Diego 92103.

The sellers of the property (assessor's parcel 446-382-25) were Preston and Angelika Drake, as trustees of the Angelika and Preston Drake Trust of San Diego.

Chad Bramwell of the San Diego office of Hendricks & Partners represented the buyer and seller.

The apartment building was constructed in 1985-86 and is comprised of two floor plans; seven one-bedroom units of approximately 525 square feet and three two-bedroom/one-bathroom units of approximately 895 square feet.

The exterior amenities include gated/controlled access, open parking and pitched roofs.

The two-story, approximately 6,300-square-foot apartment was sold in March 1997 for $325,000.

TOP 5 HOMESALES

08-0291916 -- The house at 1823 S. Pacific St , Oceanside, CA 92054, was sold on 05/30/08 at a tax value of $3,450,000.
Sold by Stephen O'Brien and Jamie O'Brien to Kenneth Altman and Deena Altman. 153-250-08

08-0292672 -- The house at 6986 Corte Langosta , Carlsbad, CA 92009, was sold on 05/30/08 at a tax value of $1,612,500.
Sold by Shea Homes Limited Partnership to David H. Smith and Renee S. Younger. 223-726-11

08-0291746 -- The house at 5590 Valerio Trl , San Diego, CA 92130, was sold on 05/30/08 at a tax value of $1,450,000.
Sold by Kevin C. O'Boyle and Patricia A. O'Boyle, co-trustees, to Richard Roesler and Karen A. Roesler. 305-110-03.

08-0291637 -- The house at 5971 Avenida Chamnez , La Jolla, CA 92037, was sold on 05/30/08 at a tax value of $1,296,000.
Sold by Bank of New York to Criag Monell and Efthalia Chronopoulou. 357-283-02.

08-0291986 -- The house at 1794 Camden Pl , San Marcos, CA 92069, was sold on 05/30/08 at a tax value of $975,000.
Sold by Alfonso Garcia and Martha E. Garica to robert W. Rosano and Kathy L. Rosano, trustees. 182-131-1