

The

Alpha-Omega Dispatch



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VALUE

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NATIONAL ASSOCIATION OF REALTORS SUPPORTS ADMINISTRATION EFFORTS ON RATE FREEZE

The National Association of Realtors® today expressed support of President George W. Bush's efforts to curb the increase in foreclosures due to irresponsible lending practices and complicated mortgage products by allowing modification of certain loans or freezing the interest rates for up to five years.

"The dream of homeownership should not turn into a family's worst nightmare," said NAR President Richard Gaylord, a broker with RE/MAX Real Estate Specialists in Long Beach, Calif. "As the leading advocate for housing issues, NAR has been working with Congress and the administration to protect homeowners who may be facing foreclosure as the result of predatory lending practices and as the interest rates on many subprime loans reset. The loan modification program introduced by President Bush and U.S. Treasury Secretary Henry Paulson is a good first step in helping deserving families keep their homes." NAR has been working with Congress throughout 2007 to modernize Federal Housing Administration programs that will once again make the FHA a viable mortgage product and help protect many current and future homeowners by offering a secure alternative to subprime loans.

NAR has also been pushing Congress to reform Fannie Mae and Freddie Mac and increase their conforming loan limits, which will not only help home buyers but also will help improve liquidity in the lending industry. "We are pleased that the administration has taken action today and are hopeful that Congress will now move quickly to approve FHA modernization and GSE reform," Gaylord said.

Earlier today Senate Majority Leader Harry Reid, D-Nev., tried again to pass the FHA modernization bill supported by the administration, but the motion

See **RATE FREEZE** on page two...

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MORTGAGE APPLICATIONS SURGE IN LATEST SURVEY

The Mortgage Bankers Association (MBA) today released its Weekly Mortgage Applications Survey for the week ending November 30, 2007. The Market Composite Index, a measure of mortgage loan application volume, was 791.8, an increase of 22.5 percent on a seasonally adjusted basis from 646.3 one week earlier. On an unadjusted basis, the Index increased 51.5 percent compared with the previous week-which was a shortened week due to the Thanksgiving holiday-and was up 24.2 percent compared with the same week one year earlier. The changes calculated above are based on revised numbers for the previous reporting period.

The Refinance Index increased 31.9 percent to 2761.3 from 2093.0 the previous week and the seasonally adjusted Purchase Index increased 15.2 percent to 464.3 from 403.2 one week earlier. On an unadjusted basis, the Purchase Index increased 37.3 percent to 373.5 from 272.1 the

See **MORTGAGE APPS** on page two...

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RATE FREEZE *from page one...*

for unanimous consent was blocked. Sen. Reid and his staff have met with Realtors® and agree that enhancing FHA would help improve the housing market and protect homeowners and many who wish to own a home. "We hope that the Senate will see today's action by President Bush, Secretary Paulson and Senator Reid as a catalyst to change and implement important reforms promptly," said Gaylord.

NAR participated in meetings with Secretary Paulson and other industry influentials that he assembled to focus on the problem and finding a workable resolution. In addition, NAR has strongly communicated the need to change the IRS code that permits people who have been forced into foreclosure or short sale to pay income tax on the loan amount that is forgiven. Also known as the phantom income tax, NAR has called it an unfair burden and applauded the House of Representatives for passing legislation to change this. At the same time, NAR is pushing the Senate to act quickly to enact similar legislation.

Today's announcement by the president is not a bailout, but is designed for borrowers who have been making their payments on their existing loan. The administration estimates that 1.2 million families could be protected under his plan.

"The president has offered the American people an early holiday gift today. We hope Congress will also help make the holidays happy for millions of Americans by doing their part and move swiftly with FHA modernization, GSE reform and elimination of the mortgage cancellation tax," said Gaylord.

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MORTGAGE APPS *from page one...*

previous week. The seasonally adjusted Conventional Index increased 21.9 percent to 1138.4 from 933.5 the previous week, and the seasonally adjusted Government Index increased 27.8 percent to 214.0 from 167.4 the previous week. The changes calculated above are based on revised numbers for the previous reporting period.

Due to an error by one of the larger reporting companies for the Thanksgiving-shortened week ending November 23, the indices reported in the November 28, 2007 press release have been revised. The seasonally adjusted market composite index for that week was 646.3 rather than the 652.5 originally reported. The refinance index was 2093.0 rather than the 1862.9 originally reported and the seasonally adjusted purchase index was 403.2 rather than the 450.1 originally reported.

The four week moving average for the seasonally adjusted Market Index is up 4.5 percent to 706.8 from 676.5. The four week moving average is up 3.1 percent to 431.0 from 418.2 for the Purchase Index, while this average is up 6.7 percent to 2342.5 from 2196.2 for the Refinance Index.

The refinance share of mortgage activity increased to 56.0 percent of total applications from 51.4 percent the previous week. The adjustable-rate mortgage (ARM) share of activity decreased to 11.6 from 14.6 percent of total applications from the previous week.

The average contract interest rate for 30-year fixed-rate mortgages decreased to 5.82 percent from 6.09 percent, with points unchanged at 1.07 (including the origination fee) for 80 percent loan-to-value (LTV) ratio loans.

The average contract interest rate for 15-year fixed-rate mortgages decreased to 5.38 percent from 5.69 percent, with points decreasing to 1.12 from 1.13 (including the origination fee) for 80 percent LTV loans.

The average contract interest rate for one-year ARMs increased to 6.28 percent from 6.24 percent, with points increasing to 0.99 from 0.96 (including the origination fee) for 80 percent LTV loans.