



THIS MONTH IN REAL ESTATE

U.S.

This Month in Real Estate August 2010

Market Update



Housing activity continues to remain above year-ago levels despite some setbacks resulting from the now-expired tax credit. Improved stability in home prices with similar levels of distressed properties seen last year offers a hopeful sign the market is holding its ground. However, the economy still has a considerable way to go to achieve its full recovery.

Consumers are saving more and being picky about how they spend their money. While a higher savings rate means less spending in the near term, this is a positive sign that households are taking control of their finances to build some cushion that can be used to pay down debt and/or support future spending.

Existing home sales marked the twelfth consecutive month of year-over-year increase in June. On a monthly basis, sales activity eased 5.1% from May. The moderation in home sales reflects “understandable swings as buyers responded to the tax credits,” according to Lawrence Yun, NAR chief economist. He anticipates such impact to show up in the next two months.





June's median home price increased for the fourth consecutive month. Distressed homes, accounting for 32% of sales last month, continued holding home prices at highly affordable levels for the time being. While distressed sales hovered around the same level as a year ago, the gain in home prices is pointing to a sustained stability in the making.

Interest Rates

Mortgage rates set a new record low in July as consumer confidence softened and unemployment remained elevated. This presents a great opportunity for buyers and investors. Coupled with lowered home prices and a robust rental market, investors are finding their way to cash-flow opportunities. As recovery gains deeper roots, rates will need to rise to keep inflation in check.

Type	Rate
30 year fixed	4.54%
15 year fixed	4.00%
5/1- year ARM	3.76%
Historical 30 year average for a 30 year fixed mortgage	8.9%

Rates as of August 6.

This Month's Video



Topics For Home Owners, Buyers & Sellers

Consumers Beware: New Credit Card Tricks



On May 22, 2009, President Obama signed into law the Credit Card Accountability, Responsibility, and Disclosure (CARD) Act of 2009, marking a turning point for American consumers and ending the days of unfair rate hikes and hidden fees. While the new law offers significant safeguards, consumers still need to be vigilant against new practices designed to outflank the new rules.

Stay as informed as possible, read your statement, report any irregularities immediately, and watch for these tricks.

- **Shortened Billing Cycle:** The CARD Act requires companies to allow a window of at least 21 days from when a statement is mailed and when payment is due. Cardholders are reporting being shortchanged on billing cycle time and then being assessed late-payment fees.
Advice: Watch out for shortened payment dates.
- **Sunday Due Dates:** The CARD Act stipulates if a creditor does not receive or accept payments on weekends or holidays, then the date is extended and late-payment fees shouldn't be triggered. However, some banks say they're open for business even when there's no mail delivery.
Advice: Don't assume you are safe.
- **Low-Limit Cards:** The CARD Act says a card's total annual fees can't exceed 25% of a borrower's credit line. However, some issuers may be evading the fee restrictions by charging an up-front processing fee that doesn't fall under the 25% cap.
Advice: Watch out for processing and other fees.
- **False Inactive Fees:** Issuers will no longer be able to charge inactivity fees or extra charges for people who don't spend a certain amount each year, effective August 22. However, some issuers are charging an annual fee that's waived if cardholders reach a certain spending threshold.
Advice: Watch out for conditional annual fees.

- **Rebate Offers:** Some credit cards offer refunds on finance charges when customers pay on time. However, rebate offers aren't governed by the CARD Act, and such offers can be revoked suddenly and for any reason, leaving cardholders stuck with higher charges.
Advice: Rebates may translate to real savings in finance charges.

Source: *The Wall Street Journal*

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