

September 30, 2008

[See The Empty Houses In California](#)

The [Merced Sun Star](#)

reports from California. “Rep. Dennis Cardoza questioned how the federal government decided to divide \$3.9 billion in foreclosure aid and asked that it take another look at its math and methods before sending out the checks. Apparently, one reason Merced was left off the list was a lower number of houses standing vacant for more than 90 days than several nearby areas, according to U.S. postal figures. Dorothy Kieley, president of the Merced County Association of Realtors, said she was also surprised Merced wasn’t getting any money directly from HUD.”

“I don’t see how they got the statistics that say, ‘You don’t need the money,’ she said. ‘Drive around any neighborhood. You can see the empty houses.’”

The [Bakersfield Californian](#)

California. “With home prices falling to reasonable levels, the chance to buy may be too good to pass up, particularly for people who didn’t drink the Kool-Aid during the boom. The median price of homes sold in Bakersfield in August was \$196,000, according to figures from the Bakersfield Association of Realtors. The median price a year earlier was \$280,000.”

“Prices right now are the best that they’ve been,’ said Realtor Susan Ferguson. Instead of paying rent to somebody else, people with good credit and the resources for a down payment can ‘make that investment in yourself,’ she said.”

“Credit [freeze](#)? Not so fast. Bakersfield residents — qualified ones — can still get home, car and business loans, local lenders say, despite Wall Street’s throes. ‘We are open for lending in Kern County,’ said Neil Marshall, chief financial officer at Kern Federal Credit Union.”

“Applicants must be qualified, they say, and plenty of people do get turned down. ‘Marginal borrowers just aren’t going to make it,’ said Beth Cheatwood, branch manager of Medallion Mortgage.”

“Marshall believes the current turmoil could be good for his not-for-profit industry. ‘I think this is an opportunity for credit unions,’ he said, which had been criticized by some for being too conservative during the real estate boom. Most are now well capitalized, he said.”

“Bart Hill, CEO of San Joaquin Bank, said the community bank has the same credit requirements as ever: It looks at the borrower’s ability and willingness to pay back the debt. Lenders and brokers who made subprime loans, he said, often ‘overlooked the ability of the customer to repay the money,’ he said.”

The [San Francisco Chronicle](#)

Chronicle. “House Speaker Nancy Pelosi looked ashen as she faced reporters Monday afternoon... on news that the House had defeated, 228-205, a \$700 billion bailout of the U.S. financial system.”

“Darrell Issa, R-Vista (San Diego County), calmly told reporters afterward, ‘This is a manufactured crisis.’ He said the administration already has the tools it needs to inject capital into banks, action he said would be ‘every bit as effective’ as the bailout.”

“Issa and other dissident Republicans had consulted with William Isaac, former chairman of the Federal Deposit Insurance Corp., who urged them to explore alternatives. ‘People began to realize that they don’t have to give \$700 billion to the administration,’ Issa said. ‘The FDIC can provide the capital ... They can end this crisis with the tools they have.’”

The [Associated Press](#). “Nearly half of California’s Democratic House members voted against the \$700 billion bailout package, contributing to its stunning defeat and defying the wishes of House Speaker Nancy Pelosi.”

“Among the California Democrats voting ‘yes’ was newcomer Laura Richardson of Carson, who has played her own role in the housing crisis that set off the current financial meltdown. Richardson had a house sold at a foreclosure auction earlier this year and defaulted on two other homes.”

The [Marin Independent Journal](#)

Journal. “Petaluma resident Mario Gallo, manager of Big Dogg Pizza, said business has been great since he opened three months ago, but he was worried nonetheless. Gallo said he knows a lot of people who have become homeless and jobless.”

“And these are people who had money,’ he said. ‘This is scary. We’re in big trouble.’”

“Sam Tsan, owner of Joanne’s Nails for 21 years, said his business is down by half this year. ‘I’ve never seen anything like this,’ he said in a vacant shop. ‘People aren’t spending money. We don’t know what will happen tomorrow.’”

The [Desert Sun](#). “‘Politics has trumped economics,’ longtime Inland Empire economist John Husing said. ‘If they don’t turn this around, we will have a financial meltdown.’”

“Politics and the upcoming presidential election likely scuttled action, said Greg Berkemer, executive vice president of the California Desert Association of Realtors. ‘It appeared members of Congress were so busy playing CYA (cover your assets), they forgot about the USA,’ he said.”

The [Press Enterprise](#). “One problem with that scenario is the government has no experience working out loans in default, said John Marcell, an Upland mortgage broker and president of the California Association of Mortgage Brokers Education and Research Foundation.”

“During the last real estate recession, 1989-91, the U.S. Department of Housing and Urban Development didn’t modify any mortgages, he said. It simply liquidated houses insured by the Federal Housing Administration after they were foreclosed on.”

“‘Who do we have in government who knows how to do this?’ Marcell asked.”

“Christopher Thornberg, economist with Los Angeles-based Beacon Economics, said the only bailout package that would work would have to satisfy both sides of a diverse coin. Instead, he said, advocates of the bailout drafted a package that was not well thought out and ‘were trying to cram it down people’s throats.’”

The [Sacramento Bee](#). “Rick Hagstrom, chief operating officer at Tri Counties Bank in Chico, called the bill ‘a gross disruption of free markets’ and said its proponents were exaggerating the severity of the problem. There’s money available, he said, but borrowers are becoming gun-shy.”

“Vicky Henderson, senior loan consultant at Sacramento-based Vitek Mortgage, said she’s seen the anxiety firsthand in the past week. ‘People that are putting something down (on home loans) are afraid they’ll never get it back again,’ she said. ‘Home values continue to fall, and they’re concerned about that. They’re also concerned if the mortgage company they’re with will be around.’”

“Still, Henderson said business has been brisk the past few days. ‘We had one of our biggest funding days ever on Friday,’ she said. ‘First-time homebuyers and people who are qualified have really had a range of products available.’”

“Bakyr Moore of south Sacramento, is struggling with an adjustable payment-option mortgage that costs \$2,900 a month and ‘feels like this never-ending mountain that you have to continue to climb.’”

“The 37-year-old AT&T technician said he can’t refinance because his house, valued at about \$226,000, is worth considerably less than he owes. But his lender won’t negotiate with him because he hasn’t yet fallen behind on payments. Maybe the government would be more flexible, he said.”

“‘That’s what I’m hoping,’ he said. ‘It’s a constant topic in my family.’”

“Kevin Harper, a resident of Cool in El Dorado County, had his house repossessed this year. A carpenter who worked on bridges, he was injured on the job. Unable to work, he said the banks wouldn’t help him stay out of foreclosure. Now, he has no interest in seeing Wall Street bailed out.”

“‘I think they should have to pay exactly like I had to pay,’ he said. ‘I had to declare bankruptcy. Those fools, they should, too.’”

“A small but extreme example: As the House voted down the bailout plan Monday, real estate broker Steven Krohn was called by a client who’s trying to sell a home near Fruitridge Road. The instructions: Drop the listing price by one-third, to \$129,000.”

Posted By: Ben Jones @ 12:47 pm

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172 Comments »

Comment by [Ben Jones](#)
2008-09-30 12:56:31

‘If they don’t turn this around, we will have a financial meltdown,’ longtime Inland Empire economist John Husing said.’

Try running around in circles screaming lalalalala John. In the meantime, the housing bubble is coming down, and nothing can stop it. Again, California press; why not have a review of Mr Husings reassurances that all would be well? And Kysers (what happened to him?) And the Anderson School.

Now suddenly all these experts are jumping over each other to say the sky is falling. Well, I just got back from a trustee sale. A house that had sold for \$975k went back to the lender, as no one even registered to bid the minimum at \$630k. I call that progress.

[Reply to this comment](#)

■ *Comment by aladinsane*

2008-09-30 13:12:57

The Husings, Gins, Kysers, and other paid prognosticators paid little attention to the bottom line, but were always available for misguided comments, supplied on a regular basis to the maim-stream-media, which eagerly needed to fill up column space with happy talk...

[Reply to this comment](#)

■ *Comment by palmetto*

2008-09-30 14:02:28

I think we should have a collection of misleading statements, wish we could dig them up from archives or something. Not just the Californians, but the Floridians like Snaith and Fishkind et al. Include Alan Greenspan, Liereah, Yun, Zandi, etc. It would be fun to re-read some of that stuff, kind of like a compendium of crap. Would be fun to forward to some MSM outlet.

[Reply to this comment](#)

Comment by Big V

2008-09-30 16:00:46

You should have seen Zandi on TV last night. He had this expression on his face, like “I am so F_ing smart. I should not be forced to belittle myself by going on TV and addressing the little people like this. I wish I could just chain them up and use them to generate energy for my compound of the superior.”

(Comments wont nest below this level)

Comment by Wilson

2008-09-30 16:49:01

Ara Hovnanian was on CNBC yesterday begging for not only the bailout to pass, but for relaxed mortgage rates. When pushed on this interference with the market, he claimed that it is for the greater good since the taxpayers own Fannie & Freddie.

For the first time, they didn’t let him off easily. They made him squirm a bit...

Comment by Leighsong

2008-09-30 23:41:59

Ara

Ara

Dang

What

Were

The

Parents

Thinking?

<http://www.washingtonhomes.com/Home/Careers/WhyWorkForUs/Message.htm>

Leigh

[Reply here](#)

■ *Comment by SDGreg*
2008-09-30 15:40:37

The Housing Bubble has made it easier to determine which media outlets are merely conduits for shills and press releases versus actual news gathering and disseminating organizations. May the shills and enablers all drown on the ship they deny is sinking.

[Reply to this comment](#)

■ *Comment by Professor Bear*
2008-09-30 23:00:34

MONEY CULTURE

Daniel Gross

[Don't Keep Talking Happy Talk](#)

Yes, we have to be careful about crying "fire" in a crowded theater. But calling this a meltdown is like crying "fire" in an inferno.

Published Sep 27, 2008

From the magazine issue dated Oct 6, 2008

[Reply to this comment](#)

■ *Comment by Not Mssing It*
2008-09-30 13:41:37

Look at this beauty. I could just see someone that actually has the income requirements living in a place like this.

<http://www.redfin.com/CA/LOS-ANGELES/3554-SAWTELLE-90066/home/6749987>

[Reply to this comment](#)

■ *Comment by az_lender*
2008-09-30 15:03:54

\$549K? I might lend \$54.9K on this. If I were desperate to do business in California.

[Reply to this comment](#)

■ *Comment by Central Valley Guy*
2008-09-30 15:40:43

And the realtor had the balls to describe it as “charming.”

How is that?

(Comments wont nest below this level)

■ *Comment by Wickedheart*

2008-09-30 17:15:09

Obviously, you don't speak realthwhere.

Charming, cozy or quaint = small
up and coming neighborhood = bad hood
great family location = noisy
diamond in the rough = dump

■ *Comment by SanFranciscoBayAreaGal*

2008-09-30 18:26:04

filtered view of the ocean = view when standing on one leg on top of the toilet seat to get the filtered view of the ocean.

Comment by pressboardbox

2008-10-01 05:30:51

Handyman/fixer-upper = bring the dozer
absolute steal = owner paid waaay too much for it
price reduced = we cant give this one away
lots of potential = no hope for this turd
craftsman-style = half-assed flipper upgrades
bank-owned = how do you feel about feces on the walls?

■ *Comment by DebtInNation*

2008-10-01 13:02:22

Hurry! = I'm about to lose my own house
Charmer = Avocado green is coming back in style
Great Starter Home = Anyone with more than \$5,000 in the bank wouldn't even look at this POS
Needs Cosmetic Work = Please don't have an inspector look at it!
No HOA = Your neighbor is a diesel mechanic who enjoys working in his yard until late at night.

This is waaaaaaay too easy!

[Reply here](#)

■ *Comment by Julius*

2008-09-30 20:15:18

Yeah. I thought the picture was of a shack in Haiti or Bangladesh at first.

(Comments wont nest below this level)

Comment by Ernest

2008-10-01 04:26:30

Give us time...

[Reply here](#)

■ *Comment by JohnF*

2008-09-30 15:11:32

You think that's silly? Look at this one:

<http://www.redfin.com/CA/Los-Angeles/11801-Palms-Blvd-90066/home/6749537>

This is a **sale**

that closed on July 31, 2008 for \$1.4 million for a 3+1 SFR with less than 1,000 square feet built in 1946! I used to live in this area, it was dangerous 20 years ago, I can't imagine what it is like now.

This is why I get frustrated with SoCal buyers. How an I ever goind to afford something if people are still doing these deals?!?

[Reply to this comment](#)

■ *Comment by [jbunniiii](#)*

2008-09-30 15:42:58

In Palms, no less. The same house would have struggled to fetch \$200k as recently as 1998. We'll get there again.

(Comments wont nest below this level)

[Reply here](#)

■ *Comment by Shizo*

2008-09-30 15:14:23

That is just sick. You could not pay me to live in that poop stick container.

[Reply to this comment](#)

■ *Comment by Central Valley Guy*

2008-09-30 15:38:28

Yep, that's the area we were looking in for so long. And that's why I'm so much happier renting than throwing my money away on something this craptacular.

[Reply to this comment](#)

■ *Comment by [jbunniiii](#)*

2008-09-30 15:40:28

I would sooner move to the South or Midwest, and that's saying a lot!

[Reply to this comment](#)

Comment by wmbz

2008-09-30 15:51:47

Sweeeet!!!! If that was here in S.C. you may get an offer of \$5200.00 on the weekend if the buyer was drunk. Of course around here on the weekend many folks are.

[Reply to this comment](#)

■ *Comment by SDGreg*

2008-09-30 15:52:47

Is \$549k the actual asking price, or the special cash-back-at-closing price? That place is to die for, and if you buy it you just might. Only \$720/sf to live in the 'hood?! Instead of income requirements, is the buyer's life insurance policy paid up?

[Reply to this comment](#)

■ *Comment by calex*

2008-09-30 16:22:09

Some idiot paid 170,000 for it in 1999. Not even close to rent back then.
Then the current idiot paid 335,000 for it in 2003.
How much you want to bet that some idiot banker allowed a heloc on that crapshack to the 500,000+ asking price.

And now the tax payers are suppose to take the honer of holding this turd until the loan pays of to maturity?

[Reply to this comment](#)

■ *Comment by JonB*

2008-09-30 21:55:17

We are going back to 170K price of 1999 plus inflation..
Which comes back to 3-4x incomes...

(Comments wont nest below this level)

[Reply here](#)

■ *Comment by desertdweller*

2008-09-30 22:36:03

That house is right next to, or adjacent the fwy.
AMazing.

What a dump.

[Reply to this comment](#)

■ *Comment by [clearview](#)*

2008-09-30 13:49:20

Bush, Paulson, Bernanke, Pelosi, Reid and Frank are all trying to scare people into supporting this stupid bailout. I, along with millions of Americans, see right through their fear mongering.

If Wall Street needs help to get past their stupidity fine. However, they're going to pay for their own rescue. I say lend Wall Street the money to get them through this time, but secure the loan with securities that are properly valued, meaning 50% of what Wall Street claims they're worth. Let's isolate the toxic securities from the good and deal with them separately.

I am opposed to taxpayers buying those toxic mortgage backed securities.

[Reply to this comment](#)

■ *Comment by oc-ed*

2008-09-30 14:59:37

If Merrill was only able to get 0.22 on the dollar for some of their toxic debt is 0.50 too much?

[Reply to this comment](#)

■ *Comment by [clearview](#)*

2008-09-30 15:55:18

I'm being generous. If they bitch about 50% they can go jump in a lake.

(Comments wont nest below this level)

[Reply here](#)

■ Comment by *The Housing Wizard*

2008-09-30 22:30:38

In my life time ,the only time I have ever seen people try to cram down something unsaleable is if they have a hidden agenda .

In my lifetime the only time I have ever seen people try to fake a emergency is when they don't want me to look at the facts or other options .

[Reply to this comment](#)**■ Comment by *desertdweller***

2008-09-30 22:54:10

Amen Housing wizard.

as I have said again and again... if someone is trying to 'sell' you something fast and hard, then something is being hidden.

Don't do it.

Just say NO,

walk away.

Leave the bldg.

Walk out the back Jack,

Just set yourself free.

Avoid the mo fo's.

If I was a congress critter, I would go back home to talk to my constituency and tell them face to face, I don't understand this and they are trying to push it on us to hard. So, stick with me while I try to find out the facts.

At least that way, the congress critter Might get a bit of honor from the voters. Until then, I would tell "us", would You do this?

(Comments wont nest below this level)

[Reply here](#)**■ Comment by *EggMan***

2008-09-30 13:57:12

Indeed. The problem we have here that everyone is unwilling to admit is that we sold the farm (as it were) to the chinese and the germans over the last 8 years. If they don't find some way to prop things up, we're in for it. The dollar will free-fall and you'll see inflation like you won't believe. If it's imported you won't be able to afford it - and that includes oil.

[Reply to this comment](#)**■ Comment by [catspit1](#)**

2008-09-30 14:21:46

bloody Nazis... huh? the GERMANS? are they back at it?

[Reply to this comment](#)**■ Comment by *wmbz***

2008-09-30 15:39:02

Damn right!Their back at it... IT'S NOT OVER... Was it over when the Germans bombed Pearl Harbor?

(Comments wont nest below this level)

■ Comment by [catspit1](#)

2008-09-30 16:25:51

NOOOO!!

ah, sorry i forgot the rest.

■ Comment by *SanFranciscoBayAreaGal*

2008-09-30 18:30:27

Funny, I thought the Japanese bombed Pearl Harbor 😊

■ *Comment by dustartist*

2008-09-30 20:08:03

Belushi Animal House quote....

■ *Comment by SanFranciscoBayAreaGal*

2008-09-30 20:14:23

Thanks dust. My bad.

■ *Comment by [pismoclam](#)*

2008-09-30 20:16:43

1941 at your service. Slim Pickens my favorite in the Jap sub with the crackerjack compass. 'Dumbo' at the movies with Robert Stack crying. Don't stop me now!

[Reply here](#)

■ *Comment by [pinch-a-penny](#)*

2008-09-30 15:44:24

That just means that we will need to start making our own stuff, and depending on ourselves for our economic survival, and prosperity. Not a bad outcome if you ask me. OTOH, if you are heavily dependant on either foreign labor in chindia, or cheap melamine infested products, then the odds are that yes, you will be in trouble.

[Reply to this comment](#)

■ *Comment by [Vermontergal](#)*

2008-09-30 16:40:16

Yeah. I'm starting to wonder why I'm worrying so much. I'm young -inflation means that opportunities open up including making chindia stuff expensive.

(Comments wont nest below this level)

[Reply here](#)

Comment by jim

2008-09-30 17:44:14

YEs, but we've dumbed down our population so much we can no longer compete.

(Comments wont nest below this level)

[Reply here](#)

■ *Comment by [Blue Skye](#)*

2008-09-30 15:50:07

and all we got was this lousy T-shirt!

[Reply to this comment](#)

■ *Comment by [Wickedheart](#)*

2008-09-30 17:34:36

The Paulson-Bush plan sucks. Paulson literally asked to be financial dictator of the United States. Congress should have told him to go pound sand. If this passes far more harm will be done than if they do nothing.

[Reply to this comment](#)

■ Comment by The Housing Wizard

2008-09-30 22:43:03

Wickedheart ,I agree that a lot more harm will come if they pass this BILL . They need to come up with a Bill that really helps the situation ,not some plan that pleases Paulson ,who is a conflict of interest party anyway . In fact ,in my humble opinion the King Man is a fox in the hen house . Paulson should be fired immediately . Its not in the Nations best interest to have the same parties solving the problems that have a vested interest in the result they want ,but rather what is best for the Country in the changes that need to be made so we can even function .

Isn't it funny that other expert opinions were not put into the Congress/Senate hearings ,and only Paulsons and the Fed Chairman was considered the authority . We are going to take 2 peoples decisions in a matter that involves a trillion dollars and the future of this Country ? These people did not make their case ,yet we have to go along with this because they scream emergency .

(Comments wont nest below this level)

[Reply here](#)**■ Comment by BottomFisher**

2008-09-30 15:17:33

I'm waiting for GWB to break out the 'Nuclear' card threat if we don't pass bad legislation immediately.....into the bunkers everybody! He is probably holding back because he still can't say it right. It it Nukeuler?.....dang!

[Reply to this comment](#)**■ Comment by Professor Bear**

2008-09-30 23:02:18

Nukular = FDR-style banking holiday until bailout day

[Reply to this comment](#)**■ Comment by shibbo**

2008-09-30 15:45:05

"A house that had sold for \$975k went back to the lender, as no one even registered to bid the minimum at \$630k. I call that progress."

Excellent!

BTW, my husband and I went open house browsing in Rocklin a couple days ago. Still a lot of very overpriced homes. And there didn't seem to be a lot of lookers. One house was owned by the agent. She casually told us that they bought in 2005 and stayed a year longer than they expected. And went on to tell us that several houses in the neighborhood sold for almost a million dollars in the last 6 months. We had a good laugh after we left.

We also saw a really nice brand new 4400+ sf solar home. It was a really neat house, though the backyard was unlandscaped. And it's probably more house than I'd ever want to clean. The realtor told us that escrow fell through 6 times in a row on that one house. They currently have it listed at over \$700,000, but she said they would consider low \$600,000. The developer is selling, and they need to get rid of their current inventory so that they have the cash to build on the remaining lots. I told my husband, "Let's offer them \$525,000 and tell them to call us when they're ready!"

[Reply to this comment](#)**■ Comment by Vermontergal**

2008-09-30 16:41:41

A house that had sold for \$975k went back to the lender, as no one even registered to bid the minimum at \$630k. I call that progress.

I do too.

Next step is getting the banks to do no-reserve auctions so we can figure out what things are really worth.

[Reply to this comment](#)

■ *Comment by DebtInNation*

2008-09-30 19:50:25

Ben,

It's time for you to write a book called "I told you so!"

It's frustrating having followed your blog for over 3 years and watching the MSM, economists, and politicians about 1 1/2 years behind you (and the other smart people on this website).

[Reply to this comment](#)

■ *Comment by Professor Bear*

2008-09-30 22:55:02

None of the jackass experts who were so wrong seem to feel the need to utter a peep about how far off their "real estate always goes up" forecasts turned out. Although some were apparently so far off the mark (e.g. Gary Watts, David Lereah) that they were never heard from again.

But just for old time's sake, here are a few doozies from the fellow who referred to bubble skeptics as "Chicken Littles"...

Quotes

* "Real estate is still a great investment opportunity for households. Price appreciation will continue. It may not be at 20%. It may be at 10% to 15%, or may even go down to 5%. The returns are still going to be good, but not as great as they have been. Real estate should still be extremely competitive [in terms of] return on investment." —Lereah, SmartMoney.com interview, August 12, 2005

* "If you paid your mortgage off, it means you probably did not manage your funds efficiently over the years. It's as if you had 500,000 dollar bills stuffed in your mattress." —Lereah, LATimes, August 28, 2005

* "We're going to drop significantly, but it's not a balloon bursting." —Lereah, PBS NewsHour appearance, November 29, 2005

* "With sales stabilizing, we should go back to positive price growth early next year" —Lereah, NAR August 2006 existing home sales press release, September 25, 2006

[Reply to this comment](#)

■ *Comment by Sailor38m*

2008-10-01 02:20:23

"A house that had sold for \$975k went back to the lender, as no one even registered to bid the minimum at \$630k."

This is the real scary part since this is the kind of paper they want the 700bil to purchase. It's a no win situation. Sounds like the Senate is throwing in tax cuts to get the house reps to go for the bailout.

[Reply to this comment](#)

Comment by aladinsane

2008-09-30 13:05:53

Bakersfield Spritzer:

1 shot of denial

1 shot of raspberry kool-aid

1 shot economy

Serve @ room temperature in a foreclosed house.

=====

The Bakersfield Californian. "With home prices falling to reasonable levels, the chance to buy may be too good to pass up, particularly for people who didn't drink the Kool-Aid during the boom. The median price of homes sold in Bakersfield in August was \$196,000, according to figures from the Bakersfield Association of Realtors. The median price a year earlier was \$280,000."

[Reply to this comment](#)

■ *Comment by takingbets*

2008-09-30 15:52:52

a stupid neighbor of mine fell for it hook, line and sinker. he bridged to another house because the house next to him went into foreclosure and his house has been on the market for 3 months and hasent sold. this correction isent even half way through with the devastation to neighborhoods here in B-field. there is also a good chance that the same thing will happen in his new neighborhood and then he is stuck owning 2 homes in foreclosure areas. i just dont get his thinking but i suspect he has been listening to a realtor.

[Reply to this comment](#)

Comment by ella

2008-09-30 13:08:08

““A small but extreme example: As the House voted down the bailout plan Monday, real estate broker Steven Krohn was called by a client who’s trying to sell a home near Fruitridge Road. The instructions: Drop the listing price by one-third, to \$129,000.””

whoa.

[Reply to this comment](#)

Comment by mikey

2008-09-30 13:55:33

whoa is right.

The MUSIC is over and holding a depreciating ASSET as big as a house on your back this winter will get a little heavy without one of those EZstreet Investor Class Cozy Chairs 😊

[Reply to this comment](#)

■ *Comment by mikey*

2008-09-30 14:08:57

Take over my payments

<http://nashville.craigslist.org/cto/861334862.html>

Looks like the music just stopped for this 0-60 go getter 😊

[Reply to this comment](#)

■ *Comment by wmbz*

2008-09-30 15:35:25

He claims it’s a steal @ \$37,500.00 his best bet may be to just leave the keys in it.

(Comments wont nest below this level)

[Reply here](#)

Comment by 2banana

2008-09-30 13:17:19

“Credit freeze? Not so fast. Bakersfield residents — qualified ones — can still get home, car and business loans, local lenders say, despite Wall Street’s throes. ‘We are open for lending in Kern County,’ said Neil Marshall, chief financial officer at Kern Federal Credit Union.”

“Applicants must be qualified, they say, and plenty of people do get turned down. ‘Marginal borrowers just aren’t going to make it,’ said Beth Cheatwood, branch manager of Medallion Mortgage.”

About the biggest LIE i hear from politicians. The credit markets have seized up! No one is lending! It is the end of the economy! No one can get a loan! NO - people and banks are lending, they just want to lend to people who can PAY THEM BACK. If you have no way to pay back them money, then you get no loan (they way things used to be for 220 years of American history)...

[Reply to this comment](#)

■ *Comment by [Ben Jones](#)*

2008-09-30 13:24:07

In the spring of 2005, I used to study the monthly summary that Fannie Mae put out and write up an analysis. I doubt anybody read those. But this is the thing I don't understand; \$700 billion probably wouldn't even save that one company, much less both GSEs, AIG, Wall Street, etc. And Washington would likely blow half of that staffing up and buying desks.

[Reply to this comment](#)

■ *Comment by palmetto*

2008-09-30 14:13:10

“And Washington would likely blow half of that staffing up and buying desks.”

Testify, brothah! That is so painfully true.

[Reply to this comment](#)

■ *Comment by SaladSD*

2008-09-30 17:16:32

Wallstreet WPA?

(Comments wont nest below this level)

[Reply here](#)

■ *Comment by Vermontergal*

2008-09-30 16:56:22

I hate it when you are right. *grin*

This bailout thing has gotten me shook up in the last few days because of, how, like similar bills before it have been passed in states fear through Congress. This time the PTB have managed to make it a showdown: voters or Armageddon.

But any rational emotions I have are based more on worrying about keeping a democracy than anything else. For the reasons you mention, trillions of dollars may not be enough to stop the processes currently in place. Without wage inflation, asset prices must come down. No bailouts, loans, DOW jones, or Bush speeches can change that now.

This place is great for reality checks. Thanks Ben, it's appreciated. Keep up the good work.

[Reply to this comment](#)

■ *Comment by Rintoul*

2008-10-01 13:43:41

Wish I was into making/selling desks!

[Reply to this comment](#)

■ *Comment by Steve W*

2008-09-30 14:19:20

I would pay to send you to congress to testify that very fact. it should be on national television, and they can have “2banana” underneath your sterling figure as you speak into the microphone directly to paulson and whoever else is there. You've hit the nail on the head.

Tragically, Ben also is right, and one can only hope that whatever money the government spends (and something will pass in Congress) is spent at least a little wisely.

[Reply to this comment](#)

■ *Comment by taxmeupthebooty*

2008-09-30 14:21:50

my leasing company says Tallet Ho have all the “funding” you need
I guess it's for the unqualified

[Reply to this comment](#)

■ *Comment by Lisa*
2008-09-30 14:22:58

“The credit markets have seized up! No one is lending! It is the end of the economy! No one can get a loan! NO - people and banks are lending, they just want to lend to people who can PAY THEM BACK.”

Peter Schiff had a great comment last night on Glenn Beck. He said Americans have already borrowed more money than they can ever repay. Why would anyone want to lend us MORE???

[Reply to this comment](#)

■ *Comment by DinOR*
2008-09-30 15:02:31

I did catch that and in his own restrained fashion Schiff is pretty entertaining! I'm not sure he realizes how parental he sounds? (Obviously 'someone' has to do it)

Also notice how many lenders are saying it's the 'borrowers' that are skittish about getting further in debt! I'm sorry... what was that? I'm sure I didn't hear that correctly?

[Reply to this comment](#)

Comment by az_lender
2008-09-30 15:08:25

Honest, DinOR, it could be true. Posting earlier today how my 80% loan to a FL amateur investor, on a 3BR/2BA REO for which the seller had accepted the investor's offer, is now withering on the vine — and I think it's because the investor simply got cold feet. (I could be wrong, I'm looking into it.)

(Comments wont nest below this level)

Comment by DinOR
2008-09-30 15:34:42

Could be a reflection of his sentiment about the FL market where he resides and less on your local market? If that's the case I could definitely understand why. Assuming the guy is serious (and qualified) I would just outright ask him if that is what's holding him back?

It can be hard to tell what is genuine reluctance and what is a ploy to get an even 'lower' price? I've heard on the Big Island investors are offering HALF of seller's price and then demanding another 10% reduction at the close or they'll walk! Never can tell.

■ *Comment by JonB*
2008-09-30 21:59:35

It will take 50% discount in the SF Bay area to get back to long term trends and to be affordable 3-4x incomes...

housingbubblebust.com/OFHEO/Major/NorCal.html

[Reply here](#)

■ *Comment by SDGreg*
2008-09-30 16:08:25

“Peter Schiff had a great comment last night on Glenn Beck. He said Americans have already borrowed more money than they can ever repay. Why would anyone want to lend us MORE???”

So we can borrow more to buy more stuff we don't need...from them? Dumb and dumber (Americans and those who lend to us). Who's which?

[Reply to this comment](#)

Comment by Cracked
2008-09-30 17:13:12

<http://www.youtube.com/watch?v=EMrQMUGxTS4>

(Comments wont nest below this level)

[Reply here](#)

■ *Comment by Cracked*

2008-09-30 17:16:54

Hope this works. Schiff from 8/29 on Beck's show

<http://www.youtube.com/watch?v=EMrQMUGxTS4>

(Comments wont nest below this level)

[Reply here](#)

■ *Comment by JonB*

2008-09-30 22:01:23

Great sit down on Fox with a RE shill saying all we need is lower interest rates... Peter kept hammering prices are already too high. He was right and the RE shill was ticked off... Oh too funny ...

(Comments wont nest below this level)

[Reply here](#)

■ *Comment by Arizona Slim*

2008-09-30 14:26:08

Oh, for pity's sake. These stories just get my blood boiling.

I was checking my credit union account balances last week. The online banking Web page was sporting an ad for getting a home equity loan so that you could buy a car.

Nothing like borrowing against a house (which is probably losing value) so you can by something else that depreciates.

I'd say that there's more of a lack of logic crisis than a credit crisis.

[Reply to this comment](#)

■ *Comment by Mo Money*

2008-09-30 14:49:25

Yup, and every night I drive home I still hear radio ads for "let your home pay for your new kitchen, etc". The only thing that has changed is that my mailbox isn't full of solicitations from fly-by-night lending outfits pushing fraudulent loans.

[Reply to this comment](#)

Comment by jetson_boy

2008-09-30 15:36:56

I was watching TV on Sunday. Two channels had Real estate investment infomercials. One in particular was a mechanic talking about his "successful" son who got into flipping real estate. He was proud of his son, who will retire and not have to work as hard as he does.

That's the biggest problem of the last era: Be a genius by working less. Become rich for doing nothing. Don't work hard. Don't be inventive. Just be a stupid shmuck and sell stuff back and forth to each other. I wonder if Americans can learn to think with their brains again and become actual productive citizens.

[Reply to this comment](#)

Comment by takingbets

2008-09-30 16:02:35

i've watched a few of those infomercials and if you look at the date on the checks they show, the dates are from 2004. i laugh wondering how many people are falling for it still.

(Comments wont nest below this level)

■ *Comment by aNYCdj*

2008-09-30 16:52:13

KAL CAN KAL CAN KAL CAN....ohh lalalalala

<http://www.youtube.com/watch?v=ouQbcXdyH0>

brings back memories

[Reply here](#)

Comment by hoz

2008-09-30 15:46:53

Few on Wall Street or Washington gives a rats ass about housing. The credit has not dried up for the small residential housing market. It has dried up for GE (parent of CNBC), for ATT and for most of the 65% of the firms whose debt is rated junk.

Corporate loans have been resetting since August and the banks cannot play. The banks are broke.

The companies will survive, they will get their loans from China and India and Japan and the Middle East. These foreign banks sole contamination is GSE debt.

[Reply to this comment](#)

Comment by Big V

2008-09-30 17:09:58

Ah, so that explains the BS media coverage. They worry about their own paychecks. Hm. Why should a corporation with junk status be able to borrow cheap tax money?

[Reply to this comment](#)

Comment by 2banana

2008-09-30 13:19:47

“Credit freeze? Not so fast. Bakersfield residents — qualified ones — can still get home, car and business loans, local lenders say, despite Wall Street’s throes. ‘We are open for lending in Kern County,’ said Neil Marshall, chief financial officer at Kern Federal Credit Union.”

“Applicants must be qualified, they say, and plenty of people do get turned down. ‘Marginal borrowers just aren’t going to make it,’ said Beth Cheatwood, branch manager of Medallion Mortgage.”

About the biggest LIE I hear from politicians. The credit markets have seized up! No one is lending! It is the end of the economy! No one can get a loan! NO - people and banks are lending, they just want to lend to people who can PAY THEM BACK. If you have no way to pay back them money, then you get no loan (they way things used to be for 220 years of American history)...

[Reply to this comment](#)

Comment by pressboardbox

2008-09-30 13:19:53

These candidates really suck. more than last time, even.

[Reply to this comment](#)

■ *Comment by BP*

2008-09-30 14:01:40

Sorry I will take McCain over Bush any day of the week.

[Reply to this comment](#)

Comment by palmetto

2008-09-30 14:08:14

No kiddin'. Even O'Bama is getting in on the action. Just saw him on the news threatening everyone how we're all gonna get laid off if the small businesses have to borrow to make payroll. He sucks as bad as McCain, it's just a matter of which flavor of repulsive you favor.

[Reply to this comment](#)

■ *Comment by [catspit1](#)*

2008-09-30 15:37:34

Yo. pluck the sphygmomanometer from your own eyeball before you start comparing O to that crusty old maverick.

[Reply to this comment](#)

■ *Comment by [palmetto](#)*

2008-09-30 16:58:06

Hey, I'm not the one who was on TV preaching financial terror to Americans. It was the big O, parroting McCain and Bush. I don't plan on voting for either one of the pre-selected, anointed turdheads.

(Comments wont nest below this level)

■ *Comment by [catspit1](#)*

2008-09-30 20:36:48

What kind of maverick calls himself a maverick? what a freakin loser. I am not crazy about O either, but Mccain is still in a Hanoi Hilton of the mind. and not only is his #2 not qualified, i don't even thinks she's particularly bright.

Are you able to distinguish shite from Shine-ola? just curious.

■ *Comment by [Wickedheart](#)*

2008-09-30 22:19:25

You'd think one of them could come up with a decent plan of their own. One that would be good for us not Wallstreet. That's not too much to ask, is it? After all, aren't they asking to be the President, the leader of the US? I'm not voting for those clowns either.

[Reply here](#)

■ *Comment by [Big V](#)*

2008-09-30 16:31:46

What kind of a company needs to borrow to make next month's payroll? Sounds like a company on the verge of failure to me. I actually think my own employer might be one of them, but that should not be so. I hope I'm not dooming myself here, but if my company can't make a living by selling its product, then it might not deserve to live.

[Reply to this comment](#)

■ *Comment by [JR](#)*

2008-09-30 17:57:59

It's not at all unusual for a company to have low cash balances and use short-term credit to keep things going. Perfectly prudent in normal times, as long as you can predict cash inflows. That's why we have banks: to provide liquidity so sound people and businesses don't have to tie up their capital in the checking account. There's usually better uses for it. Cash is just cash, it's all the same.

(Comments wont nest below this level)

■ *Comment by [The Housing Wizard](#)*

2008-09-30 19:52:13

I think people have a addiction to using other peoples money ,or credit from the banks .Banks make interest on short term loans as well as credit cards . Why can't we make a adjustment in our society to more prudent lending of credit . It goes back to requiring that people have some skin in the game ,or at least that they are not over extended .

Everything is telling the Companies to not order on credit as much inventory for the coming season . It would be a good business decision to not order as much in that people will not buy as much this year . So even if the Companies could get credit to buy anything they want ,the data is telling them to cut back . So I really resent that they are trying to sell this BILL based on lies .

[Reply here](#)

■ *Comment by DebtInNation*

2008-10-01 13:11:41

If your company is selling the Sham-wow*, then I don't think you have anything to worry about.

*Made in Germany

(Comments wont nest below this level)

[Reply here](#)

■ *Comment by Professor Bear*

2008-10-01 05:08:55

These guys are both economic know-nothings who will spew whatever their annointed economic advisers (e.g., Mark Zandi) whisper into their ears.

[Reply to this comment](#)

Comment by aladinsane

2008-09-30 13:42:06

It was about @ this point in the early 1930's when the public made household names out of Robbing Hoods, who dared steal from the banks, instead of vice versa...

[Reply to this comment](#)

■ *Comment by Arizona Slim*

2008-09-30 14:27:58

And that's why we still remember the likes of John Dillinger, Pretty Boy Floyd, Al Capone, Bonnie and Clyde, etc. They were huge folk heroes for stickin' it to the man.

[Reply to this comment](#)

■ *Comment by SanFranciscoBayAreaGal*

2008-09-30 18:52:48

Until the man became them or their bank. Then the hero worship died.

[Reply to this comment](#)

Comment by need 2 leave ca

2008-09-30 13:47:49

See The Empty Houses In California

"All the leaves are brown, and the sky is grey California Dreamin"

[Reply to this comment](#)

Comment by ws

2008-09-30 13:49:02

If there really is a credit / liquidity issue, why not lend the banksters the \$700 bil (even at 0 percent or very low interest) instead of just handing it over to them. Let them keep their toxic CDOs, etc. instead of pawning them off on the American public. I know it would screw up their balance sheets and their stock prices would probably come down, but i'm sure there's some way it could be accomplished without sticking it to the American taxpayer.

Dow down 770 or so one day, up 485 the next, just another day on the roller coaster.

[Reply to this comment](#)

Comment by az_lender

2008-09-30 15:11:22

I do love that "up 485" even though I have no faith in stocks (because cash flow is lousy). I love the "up 485" because I believe it relieves any pressure on J6P to believe that The Sky Is Falling.

[Reply to this comment](#)

■ *Comment by Vermontergal*

2008-09-30 16:28:50

We're already doing the "lend it them" plan. Bernanke rolled out \$650bn, apparently 30 seconds after the bailout defeat.

And yeah, pretty much it looks like even the stock market survived Day 1 of the "No Bailout" plan.

[Reply to this comment](#)

■ *Comment by The Housing Wizard*

2008-09-30 20:16:28

Ws.....I have thought of your suggestion many a time ,even posted about it . Give the banks loans so it buys them more time to sell off assets or write

down their losses more slowly ,rather than all at one . Instead they want the taxpayer to take the non=performing assets and just eat it .

As I said before ,the banks can't hold on to these non=performing

assets of toxic loans that are really vacant houses or houses about to go into foreclosure or seconds TD's that have no value. A vacant

house that is not getting a cash flow is a liability ,not a asset, in that you must mark to market . The only way that Banks could make

that toxic junk valuable is to rent it out for some kind of income ,but banks don't do that . They could change the law that the banks

could become property managers ,but this would be a big change in long term rules .

[Reply to this comment](#)

Comment by rentersittingoncash

2008-09-30 13:49:10

let them live in their hummers

[Reply to this comment](#)

Comment by need 2 leave ca

2008-09-30 13:50:49

My posts on the FL sites didn't show up. But the sob story ex-mortgage broker really got me. She belongs in jail, not being bailed-out after earning \$400K+ for being a lying scumbag and putting people in suicide loans. What comes around, goes around. Karma getting to her.

She was crying about her car being repossessed. With that income, she should have paid cash. Most of us don't worry about repo, because we own our cars outright. No tears for this beeyatch.

[Reply to this comment](#)

Comment by need 2 leave ca
2008-09-30 14:07:14

I agree with Mr. Harper. Nobody bailed me out when I had problems 11 years ago. Why should I be bailing out these crooks and thieves now?

[Reply to this comment](#)

Comment by az_lender
2008-09-30 15:13:01

Yeah, if my mortgage debtors stop paying me, nobody is going to feel sorry for ME, with the possible exception of a few HBBER's...and that's only because we've known one another a long time. Else you'd all cry "JERRRRK!!"

[Reply to this comment](#)

Comment by palmetto
2008-09-30 14:15:24

Went to local Wachovia bank today. I walked in and said "Hello, Citibank" and a couple of the staff cringed and said "Shhh, we can't say that yet". Then I asked what they thought of the change and guess what? They're delighted! Better benefits, I was told.

[Reply to this comment](#)

■ *Comment by mikey*
2008-09-30 16:29:14

and I thought that you were just a little trouble maker in here 😊

[Reply to this comment](#)

Comment by Big V
2008-09-30 16:36:20

Palmie:

I imagine you performing the above-mentioned operation in a blue Hawaiiin shirt (with little boats on it), smoking a corn-cob pipe. You have full facial hair and you're a little drunk, even though it's not quite lunch time yet. It's a sun-shiny day outside, and everyone in the bank is smiling and laughing because life is good.

[Reply to this comment](#)

■ *Comment by palmetto*
2008-09-30 20:06:13

It's true. I'm a complete slob. I'm like the puppy that craps on the floor, but you just can't bring yourself to hit him.

[Reply to this comment](#)

■ *Comment by LA Wallflower*
2008-10-01 14:47:34

WaMu staff at my local branch feel the same way, Chase has better bennies too.

[Reply to this comment](#)

Comment by taxmeupthebooty
2008-09-30 14:20:32

lifting FDIC limit to 250k\$
bfd , am I missing something here

[Reply to this comment](#)

■ *Comment by aladinsane*

2008-09-30 14:33:42

It's just a confidence move, because people are pulling boucoup bux out of their banks, and the powers that be need to stop the bleeding...

[Reply to this comment](#)

■ *Comment by Vermontergal*

2008-09-30 16:37:57

What's weird is that they are not pulling money out of banks. I talked with a local banker last week, who related to me that they are seeing business pick up because of the Wall Street woes.

Most people are pretty comfortable with FDIC insurance.

I'm going to guess that the reason they are focusing on that is because there's nothing "personal" about the current bailout. People, heaven forbid, view tax money going a toxic soup of letter based securities as bailing out bankers. If they raise the limit, then that's sort of something for J6P.

I think we're going to need to shore up FDIC insurance as the dominos continue to fall, but shoring up only that will continue the effect of pulling money out of the shadow banking systems and into the brick and mortar ones.

[Reply to this comment](#)

■ *Comment by Ceylon Tea*

2008-10-01 10:21:28

Since I'm living 12 hours away, and therefore am seeing everything in a time warp, isn't the bailout actually going to PASS tomorrow? I saw the big REJECTION yesterday, but now the Senate is working on the same bill, and I think tomorrow we'll be moving forward toward PASSAGE!

(Comments wont nest below this level)

[Reply here](#)

■ *Comment by Deon*

2008-09-30 16:51:51

Speaking of, how stable is ING? I've heard it's pretty good, but I'm getting twitchy about my account. I'm starting to wonder if I wouldn't feel safer putting my savings in a shoebox under my bed.

[Reply to this comment](#)

■ *Comment by Big V*

2008-09-30 17:07:06

ING = mortgage banking phenom.

(Comments wont nest below this level)

[Reply here](#)

■ *Comment by Rintoul*

2008-10-01 14:27:54

If you've got less than \$250,000 in there, I wouldn't sweat it. Why would you?

Otherwise, don your tin foil and buy some gold coins - whichever.

(Comments wont nest below this level)

[Reply here](#)

Comment by [beachhunter](#)

2008-09-30 14:29:45

Well I guess if your chasing rates and find a good on \$250k in one bank is not bad... prices back to 2003.. wish I could go back to 2003 what a blast.. booze on the beach, san diego was full of fun and less stress heads running around.. 2 cents..

[Reply to this comment](#)■ *Comment by DebtInNation*

2008-10-01 13:16:39

You could always throw a little Jack Daniels in your Coke can. Unless the police have booze-sniffing dogs, and/or you're acting like a complete moron, who's gonna know the difference?

[Reply to this comment](#)*Comment by reuven*

2008-09-30 14:31:05

*“Kevin Harper, a resident of Cool in El Dorado County, **had his house repossessed this year**. A carpenter who worked on bridges, he was injured on the job. Unable to work, he said the banks wouldn't help him stay out of foreclosure. Now, he has no interest in seeing Wall Street bailed out.”*

*“**I think they should have to pay exactly like I had to pay,**” he said. *‘I had to declare bankruptcy. Those fools, they should, too.’*”*

Good news, Kevin! They will have to pay just like you had to pay!

I'm astonished that, while Wall Street is certainly sleazy, people don't look at themselves, either.

[Reply to this comment](#)■ *Comment by Blue Skye*

2008-09-30 16:03:23

If debt = wealth then walking away from debt = paying!

[Reply to this comment](#)■ *Comment by The Housing Wizard*

2008-09-30 18:44:34

The banks/lenders and Wall Street firms don't want to pay the price of the risk they took ,either do the gambling borrowers .I'm sorry ,but if you made a stupid casino bet or you took out a loan you couldn't afford ,than you lose . I just don't see why lenders didn't make more of a attempt to re-work toxic loans with basically good customers that were lead into these loans when they qualified for better loans at the time . The flakes,speculators , or liar loan borrowers can't be saved in a lot of cases . These bad borrowers never deserved the low down loan to begin with .

I think this is a crying shame that they are trying to cram a bad written Bill down the throats of the lawmakers . Than you have all these lobbyist trying to get the clauses they want in the Bill ,but no protection for taxpayers that had nothing to do with this faulty lending scheme . There was really a lot of crime involved in this housing scheme ,that caused a mis-pricing of risk as well as value .

I can't believe what I'm seeing regarding this ongoing con job on the true facts of this emergency and the self-interested parties attempt to spin the problem and hide painful solutions .

[Reply to this comment](#)*Comment by JR*

2008-09-30 18:21:04

There but for the Grace of God go you, Reuven. Maybe you didn't notice the "Injured on the job" part. Even if the cause is "acted like a moron and should have known better", bankruptcy deprives people of their property, ruins their credit for years, and humiliates them before friends and family. But I guess it's not punitive enough to suit every plump, comfortable, smug observer.

Bankruptcy serves a purpose. People get over-extended, things happen and need to be dealt with. Do you long for the days of slavery and debtors' prison? Maybe we could do like they did in Rome and the creditors could chop up the insolvent debtor's body. Do it on TV! That would be awesome!

There's this line in some old book, don't have the citation handy: "forgive us our debts as we forgive our debtors". Trying to remember, who said that?

[Reply to this comment](#)

■ *Comment by Suzanne, I researched this!*

2008-09-30 20:03:44

Bankruptcy is good enough for this observer, clemency is not.

[Reply to this comment](#)

■ *Comment by SanFranciscoBayAreaGal*

2008-09-30 21:43:28

Dang some old names are coming back to the blog. Suzanne, haven't seen you in a while. Welcome back 😊

(Comments wont nest below this level)

[Reply here](#)

■ *Comment by [reuven](#)*

2008-09-30 21:11:54

forgive us our debts as we forgive our debtors

That line isn't from some old book. It's from the so-called *new* one.

Anyway, I'm not saying I don't feel sorry for him. And that's why we have bankruptcy laws. Are you saying that the government should take over house payments for people who buy homes and—through no fault of their own—can no longer make the payments? In fact, if he had a single mortgage and it was "non-recourse" he could have walked away from the home and not declared bankruptcy! (His credit may be damaged...)

And I'm no way in favor of the Wall Street bailout either. Those people I don't feel sorry for.

What I don't like to hear is "Main Street" saying "Don't bail out Wall Street—bail out *us*"

[Reply to this comment](#)

Comment by [Thomas](#)

2008-10-01 17:13:18

Well, the *old* book just eliminated all debts every second years for *everybody*.

Needless to say, I'm sure interest rates in Year 6 were pretty steep, and the amortization schedule short.

(Comments wont nest below this level)

[Reply here](#)

Comment by [Jas Jain](#)

2008-09-30 14:41:16

–
Despite what some talking-heads are claiming, CA price decline is accelerating (Sac excepted).

The Latest Trend (Transactions That Originated In June-July) Decline in PPSF (% Annual Rate)

San Fran, CA -43%
Los Angeles, CA -35%
Las Vegas, NV -33%
Phoenix, AZ -32%
Boston, MA -30%
San Jose, CA -26%
Miami, FL -25%
Jacksonville, FL -22%
Tampa, FL -22%
San Diego, CA -21%

25 MSA Composite -20%

Seattle, WA -19%
Denver, CO -19%
Washington, DC -14%
Columbus, OH -9%
Atlanta, GA -7%
Chicago, IL -7%
Milwaukee, WI -7%
Charlotte, NC -5%
New York, NY -4%
Sacramento, CA -2%
Cleveland, OH 1%
Minneapolis, MN 2%
Philadelphia, PA 9%
Detroit, MI 11%

Someone who was talking BS, last week, about the Mid-West can check the facts.

Just the facts, ma'm.

Jas

[Reply to this comment](#)

■ *Comment by az_lender*

2008-09-30 15:15:52

Wow, Jas, that is fantastic. I wonder why I can't see the 35-40% decline in Morro Bay. Maybe it's that transactions now happen far below the asking prices instead of near the asking prices. I'll have to look further into it. (I do see a decline of maybe 20% in the asking prices.)

[Reply to this comment](#)

■ *Comment by [homepop](#)*

2008-09-30 15:53:33

What's up with Sac? It was certainly overbuilt...

[Reply to this comment](#)

Comment by Big V

2008-09-30 16:43:44

I think Jas is giving you an annualized rate, based on the m-o-m decline from May to June.

Jas: Is that correct?

[Reply to this comment](#)

■ *Comment by [Jas Jain](#)*

2008-09-30 17:09:33

–

Annualized Rate of decline in PPSF for transactions that originated during June & July and closed escrow subsequently. Yes, it is over a 2-Month period.

BTW, 35-40% decline from the peak is the median value for CA with 90%+ falling in 20-60% range.

Jas

(Comments wont nest below this level)

[Reply here](#)

Comment by JonB

2008-09-30 22:05:06

Better numbers from dqnews.com by zip and city...
all we are going is going back to long term trends...
great news...

[Reply to this comment](#)

■ *Comment by ET-Chicago*

2008-09-30 15:21:26

Detroit is supposed to be +11%?

Hah.

[Reply to this comment](#)

■ *Comment by Central Valley Guy*

2008-09-30 15:46:13

Yeah, but that's an 11% gain over \$1, which, by my armchair calculations means they are now selling houses there for \$1.11.

[Reply to this comment](#)

■ *Comment by jetson_boy*

2008-09-30 15:40:23

Nice to see -43% in SF... but from what I can see, most anything halfway livable in decent areas are STILL way overpriced. Stuff in my east bay hood is still sitting at 550-600k. Most of the declines seem to be in places I don't care to live in. Decline damn-it!

[Reply to this comment](#)

Comment by shibbo

2008-09-30 16:24:27

I'm seeing that in the Sacramento area too.

[Reply to this comment](#)

■ *Comment by tiger*

2008-10-01 16:30:44

Is that sf or sf bay area? 43% year over year decline doesn't seem accurate for the city of San Francisco. The farthest out suburbs have declined close to that rate since peak though.

[Reply to this comment](#)

Comment by aladinsane

2008-09-30 14:41:23

To stay in the Black Bart, is not easy...

“Bart Hill, CEO of San Joaquin Bank, said the community bank has the same credit requirements as ever. It looks at the borrower’s ability and willingness to pay back the debt. Lenders and brokers who made subprime loans, he said, often ‘overlooked the ability of the customer to repay the money,’ he said.”

http://en.wikipedia.org/wiki/Charles_Bolles

“I’ve labored long and hard for bread,
For honor, and for riches,
But on my corns too long you’ve tread,
You fine-haired sons of bitches.”

[Reply to this comment](#)

Comment by cassiopeia

2008-09-30 14:50:22

Bailout or no bailout, I can’t wait to see how things unravel in LA’s Westside. As many here have posted, asking prices have barely budged. As far as I can see, EVERYTHING that’s on the market in my area is people who can’t lower their prices because they are trapped by their loans.

In the 90024 Westwood area, there’s a 2,000 sq foot home selling for \$1.625 that was purchased in May of 2007 for \$1.4 (and subsequently remodeled). Another larger one going for \$1.675 (lowered from \$1.825) that was purchased in 2005 for \$1.482. In the 90025 there is one selling for \$1.250 that was bought in 2005 for \$1.245. These are just a few examples of many. My guess is, eventually, what is going to happen is their neighbors who did not buy at bubble prizes will end up leading the charge downwards because they have less to lose. If you bought your house in 1995, you still come out ahead if you sell at 2000 or 1999 prizes. There is nothing anyone can do about that, not even the so-called Masters of the Universe. Current desperate sellers are not going to capitulate. Others are going to capitulate for them. If we add the coming/current recession and the debt load from other sources most people seem to have, such as credit card debt, I think we are in uncharted territory.

Question to y’all: What happens in case of massive credit card debt default such as we have having in mortgage related debt?

[Reply to this comment](#)

■ *Comment by shibbo*

2008-09-30 16:32:00

I’ve seen a bit of that too, where people are still putting houses up for sale at 2005 or above prices. And with most I don’t see signs of major remodeling (not that it would justify the price). I think a lot of those sellers just have high hopes that their house will be the one gem to fetch a good price. Eventually, they’ll either have take the house off the market and stay put, work out a short sale, or abandon the house.

[Reply to this comment](#)

■ *Comment by Vermontergal*

2008-09-30 16:32:10

Darn good question.

Only speculation: part of the issue with the current meltdown is that no one priced in nearly enough risk to go with the mortgages.

CC risk should be a bit better defined. In theory.

Me thinks this won’t be the first credit crisis.

[Reply to this comment](#)

Comment by Wilson

2008-09-30 16:54:24

There isn’t so much uncertainty with credit card defaults. With homes, they have no clue where the bottom will be—that is what is causing such fear—and why you see CNBC anchors constantly ask, “Is this the bottom in housing prices?”

[Reply to this comment](#)

■ *Comment by SaladSD*

2008-09-30 17:27:03

uncharted. uncharted. uncharted. not unchartered. you're not taking a tour.

[Reply to this comment](#)■ *Comment by cassiopeia*

2008-09-30 21:07:38

You are right. Correction noted.

[Reply to this comment](#)*Comment by aladinsane*

2008-09-30 14:52:02

We came within 13 votes of Darkmouth Hank taking over the country, and this piece of defaulture almost pushed the country into financial fascism...

“Among the California Democrats voting ‘yes’ was newcomer Laura Richardson of Carson, who has played her own role in the housing crisis that set off the current financial meltdown. Richardson had a house sold at a foreclosure auction earlier this year and defaulted on two other homes.”

[Reply to this comment](#)*Comment by Lost in Utah*

2008-09-30 14:52:15

“Bart Hill, CEO of San Joaquin Bank, said the community bank has the same credit requirements as ever. It looks at the borrower’s ability and willingness to pay back the debt.”

Used to be they just looked at your job, credit score, etc.

Now they check out whether or not you’re WILLING to pay it back. That used to pretty much be a given.

[Reply to this comment](#)*Comment by Steve W*

2008-09-30 14:59:47

<http://www.suntimes.com/business/1192964,homeprices093008.article>

Sorry, Jas, but 10% down in a year, that’s a bubble to me. Maybe not so much as other places, but it ain’t BS. I’ll take you on a drive on the NW side of Chicago and show you the price declines if you don’t believe case-shiller.

[Reply to this comment](#)■ *Comment by [Jas Jain](#)*

2008-09-30 16:02:27

–
What part of Latest Trend don’t people get? I said that prices dropped during 2007Q3-2008Q1 in almost all areas, but recently the drop is concentrated in bubble areas where the prices had gone up the fastest during 2000-06. Anyway, people can interpret the data that I post any way they choose.

Jas

[Reply to this comment](#)■ *Comment by edgewaterjohn*

2008-09-30 16:25:35

Hey Steve,

You're right about those condoze over at 1st Ave and North - yech! Had to drive through that area this past weekend for a family gathering - they put condoze up all through there on Harlem, 1st/Cumberland and 25th. What were they thinking? Maywood, Melrose Park, Franklin Park, Schiller Park, etc. are sliding fast.

[Reply to this comment](#)

Comment by Big V

2008-09-30 15:56:22

“And these are people who had money,” he said. “This is scary. We're in big trouble.”

There it goes again, the faulty assumption that rich people are the basis of our economy, and are somehow immune to economic harm. This guy wasn't worried until the upper-middle-class “rich” people started to show signs of stress. Now, all the sudden, he's freaking out. I'm glad that, once again, trickle-down economics has been proven to be squarely wrong. Rich people are not immune, nor are the middle-class people who think they're rich. I hope most of these smug Marinites are forced to move to Fremont.

[Reply to this comment](#)

■ *Comment by [jbuniii](#)*

2008-09-30 17:22:58

It's self evident that they didn't “have money”; else why are they now on the street? What they had was debt. Far too many Americans (and, it seems, Marinites) seem to confuse credit with wealth. From the panic in Congress recently, it appears that many of our elected officials make the same blunder.

[Reply to this comment](#)

Comment by [HARM](#)

2008-10-01 16:32:10

Faking being wealthy is Kalifornia's favorite pasttime.

[Reply to this comment](#)

Comment by [Jas Jain](#)

2008-09-30 16:08:36

—
The Bakersfield Californian. “With home prices falling to reasonable levels, the chance to buy may be too good to pass up, particularly for people who didn't drink the Kool-Aid during the boom. The median price of homes sold in Bakersfield in August was \$196,000, according to figures from the Bakersfield Association of Realtors. The median price a year earlier was \$280,000.”

In Dec'03 the same price in Bakersfield was only\$145K. I don't have the data going back, but during 1995-98 I bet that it was closer to \$100K. What about the gross overbuilding during 2004-06? Wouldn't that drive prices lower for a long time?

Jas

[Reply to this comment](#)

Comment by [IE Fencesitter](#)

2008-09-30 16:19:29

“Still, Henderson said business has been brisk the past few days. ‘We had one of our biggest funding days ever on Friday,’ she said.”

In SoCal, only the shady survive. An (honest) realtor friend of mine has been telling me that most of the honest realtors are gone. The shady ones are the ones making money still (lying, overpricing, trying to get him to do side deals, offering “under the table” cash back to buyers). Some are going so far as to REFUSE to show the really nice homes that are bank-owned. After a few months, they tel the bank “I tried my best, you have to lower the price.” Then they sell it to their in-laws, and on and on....

[Reply to this comment](#)

Comment by [DinOR](#)

2008-10-01 07:37:08

IE Fencesitter,

Such excellent observations. I'd say further even the 'formerly' upright realtors have been surrounded by the slime and have been forced to succumb.

One of the reasons I just can't find myself getting onboard with the Bailout is for the very reasons you describe! Realtwhores raped the banks (and the system) on the way UP... and now they plan to make their final 'killing' with straw buyers and pocket listings on the way down!

They need to be totally SHUT DOWN for at least 30 days, everyone gets re-tested and finger printed with complete criminal and background checks, new rules put in place and then the few that actually pass can continue.. on a NEW path!

Lastly, when NAR answers to the NYSE, NASD and SEC then people here and elsewhere can sell me that this is strictly a "Wall Street" problem! But as you amply describe, don't NOBODY tell these gangsters how to run "this thing of ours"! Good on you!

[Reply to this comment](#)

Comment by [Jas Jain](#)

2008-09-30 17:03:05

—

"The 37-year-old AT&T technician said he can't refinance because his house, valued at about \$226,000, is worth considerably less than he owes. But his lender won't negotiate with him because he hasn't yet fallen behind on payments. Maybe the government would be more flexible, he said."

The best option available to him is to stop making all payments connected with the property. The system works in a certain way. Everyone would a mortgage who wants to stay would like to renegotiate the mortgage amount lower and lower payment, but that would be disastrous for those who are holding mortgages. Also, what happens if prices fall another 25%?

Jas

[Reply to this comment](#)

■ *Comment by [Neil](#)*

2008-09-30 22:07:54

Also, what happens if prices fall another 25%?

if???



Its scary out there. Coworkers are starting to pull large sums of cash out of banks 'just in case.' It really is panic.

Got Popcorn?

Neil

[Reply to this comment](#)

■ *Comment by [Rintoul](#)*

2008-10-01 14:32:12

Are your coworkers aware of this whole FDIC thing?

[Reply to this comment](#)

Comment by [The Housing Wizard](#)

2008-09-30 18:08:43

I have given this a lot of thought and I think that only shoring up the current limits on FDIC is required ,not raising the insurance . In other words the Treasury or Feds should insure that it backs up the current insurance limits in case FDIC doesn't have enough money . Maybe they could raise the amount on payroll accounts on the insurance ,for a price ,just so Companies could function better . The fact that people have to spread out their risk to different banks is a good thing, not a bad thing .

This after the fact tampering of the rules when the market is trying to re-price risk and the true value of things is absurd . As I see it Wall Street wants to cheat on the rules of the game . The rules of the game determine who the winners and losers will be depending on the risks that were taken . I don't care if rich people want to change their casino bet after the fact because they know it was a loser .

[Reply to this comment](#)

Comment by Sammy Schadenfreude

2008-09-30 19:19:21

<http://www.azcentral.com/business/consumer/articles/2008/09/23/20080923biz-containerhomes23-ON.html>

Behold, the future in FB housing.

[Reply to this comment](#)

Comment by goedeck

2008-09-30 19:34:19

Marin IJ headline says:

A gloomy state on Marin's Main Street after bailout fails

The press plsses me off when they ass-ume stuff like this. I know for a fact there was a big protest against the bailout at the bus terminal in San Rafael.

[Reply to this comment](#)

Comment by need 2 leave ca

2008-09-30 21:17:47

EVERYTHING that's on the market in my area is people who can't lower their prices because they are trapped by their loans.

I wouldn't give a flying pig about what the FBers loan balance is. I would only offer them the discounted CURRENT (and lowballed) offer, if I was in that market. Boo hoo for their stupid decisions earlier. Your bad decision does not become my problem.

[Reply to this comment](#)

■ *Comment by JonB*

2008-09-30 22:08:20

Walk away... we saw plenty of people walk away back in 1991 in Socal and a fire sale pennies on the dollar...

[Reply to this comment](#)

Comment by The Housing Wizard

2008-09-30 21:43:11

IMHO , I think the real issue is should we give one ounce of assistance to unregulated banks that were leverage in some cases 30 to one verses FDIC regulated Banks that were leveraged at a lower amount . The Wall Street unregulated firms were the real culprits in this excess easy money BS that hit the market ,and they did it for greed .

I say let them crash and burn . Regular banks(under FDIC) should be barred from buying any toxic loans from them at this point . While Paulson wants a blank check to bail out any entity that dares to call themselves a bank verses a gambling casino . Let unregulated banks face the music of their own greed . We need regular(FDIC banks) at this point ,not this shadow world gambling casino high leverage entities that call themselves banks .

[Reply to this comment](#)

■ *Comment by Professor Bear*

2008-09-30 22:42:25

“I say let them crash and burn.”

Er, other than a few of the really really big ones, didn't most of them already crash and burn to the ground?

[Reply to this comment](#)

Comment by Professor Bear

2008-09-30 22:41:11

“The whole aim of practical politics is to keep the populace alarmed — and hence clamorous to be led to safety — by menacing it with an endless series of hobgoblins, all of them imaginary.”

—Henry Louis Mencken—

About New York

[The Crisis, as Seen by the Have-Nots](#)

By JIM DWYER

Published: September 30, 2008

On a chair outside Johnson's Barbecue on Tinton Avenue in the Bronx, Keith McLean had thoroughly considered the \$700 billion bailout of Wall Street.

“That's for C.E.O.'s,” said Mr. McLean. “And I am a P-O-O-R.”

Mr. McLean, who helps out in the barbecue stand, lives in one of the poorest Congressional districts in the country, a half-hour subway ride to Wall Street. On Monday, José E. Serrano, the Democrat who represents the district, voted against the bailout package. He was the only member of Congress from the city to do so.

In a walk through parts of the district, it was easy to find people who, while indifferent to the outcome of the vote, were intensely interested in the machinations leading to the drama of closed banks and astronomical bailouts. **For many, the financial package was another in a series of manufactured crises.**

James Jacobs, who cuts hair at Six Corners Barbershop, said he felt that an atmosphere of paranoia had been deliberately cultivated, leading to the war in Iraq and now to the financial alarm.

“They scare people with bomb threats,” Mr. Jacobs said.

Edwin Mitchell, who works in a car dealership, was sitting alongside him. “We got stuck up,” he said.

“It's corporate America doing what corporate America does,” Mr. Jacobs said.

“Organized crime,” Mr. McLean said.

“It's the new organized crime,” Mr. Jacobs said.

“Ain't nothing new about it,” Mr. McLean said.

“We're not going to see none of that,” Mr. Jacobs said. “Not one red cent. Whichever way it goes. We ain't going to see it, we ain't going to feel it. If we do it feel it, its going to be negatively, and a few of us might lose a few jobs.”

Mr. McLean had tracked the news carefully. “Washington Mutual, he was on the job three weeks, he got \$11 million,” he said.

Actually, it was more.

Three weeks before Washington Mutual failed, it hired Alan H. Fishman as its chief executive officer, and paid him a signing bonus of \$7.5 million. He is also eligible for \$11.6 million in cash severance.

[Reply to this comment](#)

Comment by Professor Bear

2008-10-01 05:20:12

[Bailout built on fantasy](#)

Ron Smith
October 1, 2008

Count me among those amazed at the failure of the president and congressional leaders to get enough votes in the House to pass the bailout bill Monday. It looked like a sure thing. Objections would be voiced on the floor, some representatives would explain the misgivings they had about OKing a \$700 billion bailout of Wall Street - and then, most of us thought, the thing would be brought to life anyway. We were wrong. The markets were panicked by the failure to pass it. Stocks fell precipitously.

Republicans said they might have delivered enough votes for passage if House Speaker Nancy Pelosi hadn't taken to the floor and denounced President Bush and GOP free market philosophies, saying the blame for the crisis fell entirely on their shoulders. It's hard to believe Ms. Pelosi's speech, as ill-considered as it might have been, was responsible for the plan's failure. What caused it was a tsunami of calls and e-mails from outraged voters, coupled with the fact that members of the House have to run for re-election every two years. Those clever framers of the Constitution saw to it that the lower legislative branch would be more responsive to the people's immediate demands because they'd be held to account for their actions so soon after taking them.

Baltimore Sun business columnist Jay Hancock is probably right in saying yesterday, "Congress will pass a bailout package. The stock and credit markets are making sure of that." However, it's hard for me to imagine a widespread revival of faith in the economy because of the "Paulson plan," or whatever expanded version is finally enacted, since the idea behind the plan itself is flawed to its core. **It is sheer fantasy, in addition to being a monstrous rip-off of the Treasury to benefit a fortunate few at the expense of the rest of us.**

[Reply to this comment](#)

Comment by [Out at the Peak](#)
2008-10-01 11:46:18

"Marshall believes the current turmoil could be good for his not-for-profit industry. 'I think this is an opportunity for credit unions,' he said, which had been criticized by some for being too conservative during the real estate boom. Most are now well capitalized, he said."

The reason why the credit unions are not failing and being taken over by the NCUA is because they were being conservative. They realized the real estate boom was a fad and played carefully.

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