



# beyond the headlines



## Cyberscams bleeding millions from homebuyers

Source: KPCC Radio

Cyberscams that trick homebuyers into wiring money offshore are costing the Los Angeles area \$5 million dollars a month, the FBI reported this week. Hackers are posing as real estate agents or title companies over email and giving clients bogus wiring instructions, said supervisory special agent Michael Sohn. By the time the crime is detected, sometimes just hours later, the money can be gone for good, with homeowners averaging losses about \$130,000, he said.

Making sense of the story:

- Cybersecurity experts say the scam first surfaced in 2013, spurring the Federal Trade Commission to recently issue its second warning in two years.
- The real estate industry continues to be a draw for cyber thieves because homebuying transactions involve large amounts of money and typically require wire transfers.
- Geoffrey McIntosh, president of the California Association of REALTORS® (C.A.R.), said that he's been on a mission to educate members about cybersecurity and has sought the help of experts like Sohn.
- "REALTORS® are trusting. I think that makes us an easier target," McIntosh said. "I doubt this would happen as much to attorneys."
- C.A.R. has been urging members to use strong passwords, regularly update computer systems and install anti-virus software.
- McIntosh said that he tells agents to never hand over wiring information to a client except in-person or on paper — if they do it at all. "Frankly, the client should deal with the escrow (officer) directly," McIntosh said.
- To avoid getting scammed, home buyers should never trust an email with a change in wiring instructions.
- If you get scammed, get your bank to immediately do a wire recall. By the time 72 hours have passed after a crime has been committed, that money is usually gone for good.

Full story

<http://www.scpr.org/news/2017/07/07/73564/cyberscams-bleeding-la-homebuyers-for-millions/>

## **In other news...**

### **Mortgage demand weakens as rates jump**

*Source: CNBC*

Mortgage rates just saw their biggest jump since the presidential election, and that took a heavy toll on demand for home loans.

Total mortgage application volume fell 7.4 percent last week from the previous week, according to the Mortgage Bankers Association's seasonally adjusted report. Volume was 36 percent lower than a year ago.

Based on that, the U.S. 10-year Treasury yield has increased 18 basis points over the past month, and mortgage rates are back to their highest level since May. Last week, the average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances of \$424,100 or less increased to 4.22 percent from 4.20 percent, with points increasing to 0.40 from 0.31, including the origination fee, for 80 percent loan-to-value-ratio loans.

Full story

<http://www.cnbc.com/2017/07/12/higher-interest-rates-send-mortgage-applications-tanking.html>

### **Home renovations that may not be worth it**

*Source: AOL Finance*

Not every improvement made to a house will ultimately raise its value. Homeowners who are looking for projects that will pay back at resale would be smart to consult a local real estate professional to determine whether the project they have planned would help boost their home's value.

The key to successfully remodeling your home is knowing which projects are going to actually benefit you in the long-run and which ones are merely a waste of your time.

Among projects that may not pay as much back at resale as others include swimming pool installations, home office remodels, master bedroom upgrades, sunrooms, special-purpose room, kitchen remodels and bathroom upgrades.

Full story

<https://www.aol.com/article/finance/2017/06/29/8-home-improvement-projects-that-are-a-waste-of-money/22044637/>

## **How technology plays a part in getting a mortgage today**

*Source: U.S. News & World Report*

Technological advancements lend themselves to countless consumer-facing industries, even transforming ones such as hospitality, travel, and banking.

But if you can manage numerous accounts online without ever having to sit down for a face-to-face conversation with another human, why is the process of getting a mortgage so different?

The real estate financing process is often expected to be a series of in-person meetings at banks or other offices, complete with scanning documents of financial background information and a slow approval process. But those days are rapidly changing. Lenders are beginning to embrace more new technology, and new lenders are even entering the game based around an automated platform.

Full story

<https://finance.yahoo.com/news/technology-plays-part-getting-mortgage-134148125.html>

## **Sacramento, emerging from Bay Area's shadow, becoming booming alternative**

*Source: Curbed*

Many out-of-towners are discovering the burgeoning city of Sacramento, which is equidistant from San Francisco and Lake Tahoe and offers the best aspects of the Northern California lifestyle for a fraction of the price. This “cow town,” in fact, was recently anointed one of the nation’s busiest real estate markets for 2017 by Realtor.com.

According to the Sacramento Association of REALTORS®, new construction hasn’t kept up with demand, while buyers from the Bay Area are beginning to flood in, leading to incredible competition for new developments and the city’s stock of Victorian homes as well as a steady uptick in the average home price. It hit \$317,000 in April, up from \$311,000 in March and \$295,000 in April 2016. Median rent is up 18 percent since 2000, according to the California Housing Partnership Coalition. The average home is on the market for just eight days, and homes near the \$300,000 mark were spending just 14 days on the market, a record low.

Is the Bay Area changing Sacramento, or as one local realtor, Pat Shea of Lyon Real Estate, put it, has what happened to San Francisco—the insane homes prices and ever-tightening inventory—already arrived in the nearby city? It’s true that Bay Area prices—\$531 a square foot on average compared to \$228 per square foot in Sacramento—have meant more people are relocating to Sacramento (20,000 a year, according to census data). With telecommuting increasingly acceptable, more are willing to make the commute or split their time between both cities. According to 2013 census data, of the 2.4 million people living in the six-county Sacramento region, about 119,000 work in the Bay.

But Sacramento isn’t growing faster than any large California city, at 1.4 percent more residents a year, simply because it’s a cheaper satellite city for Bay Area techies. It’s coming into its own, and just happens to be near a metro area filled with residents looking for a cheaper option for urban living.

Full story

<https://www.curbed.com/2017/7/11/15949960/sacramento-real-estate-development-bay-area>

## 8 Dumb reasons people can't buy a home

Source: *Realtor.com*

Buying a home—especially if it's your first—can be a lot like losing weight in the sense that people end up doing, well, some pretty dumb stuff in the process. But while desperate dieters might waste money on “magical” weight-loss pills or silly exercise equipment (remember the shake weight?), misguided home buyers could be doing far more serious damage—like undermining their ability to purchase a house at all.

Don't be one of them! The good news? These flubs, which includes shopping outside your price range, submitting lowball offers in a hot market, waiting to line up financing, getting pre-qualified rather than pre-approved, and making a big purchase while in escrow, are easily avoidable.

Full story

<http://www.realtor.com/advice/buy/dumb-reasons-people-cant-buy-a-home/>

### What you should know

- NAR's 12th Housing Pulse Survey shows a vast majority of Americans believe that buying a home is a solid financial decision, and most believe that homeownership helps create safe, secure, and stable environments.
- The survey, which measures consumers' attitudes and concerns about housing issues, found that building equity and preparing for retirement are the top financial reasons for buying a home. Yet six in 10 say that they are concerned about the cost to buy a home or high rent prices in their area.
- The telephone survey of 1,500 adults nationwide in the 25 most populous metropolitan statistical areas was conducted for NAR by American Strategies and Myers Research & Strategic Services for NAR's Housing Opportunity Program. Some key findings from the year's survey include:
- Americans overwhelmingly believe that buying a home is a good financial decision; 84 percent hold that view.
- Nationally, 44 percent categorize the lack of available housing that is affordable as a very big or fairly big problem.
- Family and friends, REALTORS®, and banks top list of trusted sources when it comes to buying a home or property.