Cindy Chew's Palos Verdes News

Febuary 2015

Hello!

Even though it's still early in 2015, it seems to be developing into an interesting year. Renewed consumer confidence, lower gas prices and lower inflation fear may spur the housing market to new heights. I've also included Part III of the glossary terms for your review so you can be more familiar with the jargon specific to real estate. Hope you find them helpful.

The sidebar is about second chances at homeownership for the "boomerang" buyers who lost their homes during the housing crisis. Make sure you check it out!

Cindy Chew

In This Issue

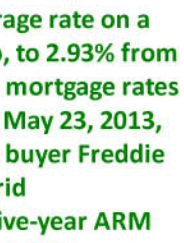
Lower Mortgage Rates!

Real Estate Glossary

'Boomerang' Buyers

Lower Mortgage Rates!

inspired consumer confidence and are enabling households to spend more and save more for big purchases - like buying a home. With factors such as the dwindling energy costs, lower inflation fears have pushed long-term interest rates to low levels. In general, as global economies weaken, U.S. mortgage rates improve. During periods of economic or political uncertainty, the flow of money goes from risky assets toward safe ones. Investors seek safe assets to protect their principal investments and to shield against loss. Mortgage bonds are among the safest investment classes in the world. Therefore, 30-year mortgage rates tend to improve when large foreign global economies face an uncertain future. Investment in the U.S. dollar has been strong, too, which helps mortgage interest rates to drop. Besides global factors that are positioned well for buyers, the U.S. housing market is also in much healthier shape.



Fixed mortgage rates inched down again for the fourth consecutive week, bringing them to new lows in early 2015. Last week the 30-year fixed-rate mortgage averaged 3.66%. A year ago, it was trending at 4.39%. The average rate on a 15-year fixed mortgage also registered a drop, to 2.93% from 2.98%. A year ago, it averaged 3.44%. Indeed, mortgage rates are at the lowest level since the week ending May 23, 2013, according to the latest survey from mortgage buyer Freddie Mac. Averages for the two most popular hybrid adjustable-rate mortgages were mixed. The five-year ARM dropped from 2.90% to 2.83% week-over-week. The one-year ARM held steady at 2.37%. Mortgage application volume jumped 14.2% over the last week, according to the Mortgage Bankers Association (MBA). Total volume is now 41% higher than it was one year ago.

If you haven't locked in the low mortgage rates, act quickly, some analysts predict rates will continue falling yet others site rumblings of an imminent raise because U.S. Treasury bonds have declined in price recently. Don't bet on rates staying low for much longer, though, as the Federal Reserve is "staying on track to start raising short-term interest rates later this year," the *Wall Street Journal* reports.

Either way, it's a good time to buy or sell. Call me and we can make great things happen for you.

Real Estate Glossary Part III (F-G)

Here is Part III of the segment started last November covering some of the most common real estate terminology you will hear during the process of buying or selling real estate:

FHA Loan - This is a loan tendered by a traditional lender but insured by the Department of Housing and Urban Development and administered by the Federal Housing Administration. FHA does not provide loans - it provides insurance for loans.

FICO® Score - Your FICO® score is a compilation of information from the three major credit reporting agencies and calculated by the Fair Isaac Corporation. Your FICO® score reflects your debt payment history, amounts owed, length of credit history, new credit and the types of credit you use. The FICO® score range is between 300 and 850. The higher your FICO® score, the less of a credit risk you present to lenders.

Fiduciary Duty - A broker is held to specific duties, outlined by state law, to their principal (either the buyer or the seller). Some of these duties include disclosure, confidentiality, reasonable care and diligence, and loyalty.

Final Walk-Through - The buyer is allowed one last chance to walk through the home prior to the close of escrow to ensure that the home is in the same condition as when the offer was tendered.

Fixed-Rate Mortgage - A type of mortgage where the interest rate does not fluctuate over the life of the loan.

GFE - The Good Faith Estimate is a form provided to borrowers by lenders. It is required by law and allows borrowers to compare the rates and terms of multiple lenders when shopping for a home loan. The GFE must include a list of all fees associated with the mortgage loan and it must be provided to the borrower within three days of loan application.

'Boomerang' Buyers

Set to Surge Back Into Housing Market

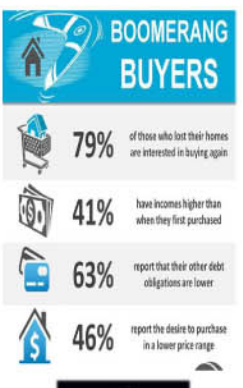
Nationally, more than 7.3 million homeowners who suffered a foreclosure or short sale during the housing crisis are poised to become buyers again.

Over the next eight years, Americans who lost their homes in the housing crisis will become creditworthy enough to buy again. According to analysis from RealtyTrac, these "boomerang buyers" (those who suffered a foreclosure or short sale between 2007 and 2014) are rapidly approaching, or already past, the seven-year window conservatively needed to repair their credit.

This year, more than 550,000 of these buyers could be in a position to get back into the market.

The return of these former homeowners could have a strong effect on housing markets with a particular appeal to the boomerang demographic. In California there is a substantial population of Gen-Xers and Baby Boomers, the two generations most likely to be boomerang buyers.

Source: *Time*
Click here for full article



RE/MAX ESTATE PROPERTIES

Cindy Chew
www.CindyChew.com
(310) 753-6738