

Mortgage Matters

June 2019

The most successful mortgages always start with Homeowners.

snapshot



HOME VALUES

Median existing home price up 3.6% from last year:

\$267,300 April 2019

\$257,900 April 2018



EXISTING SALES

Total existing-home sales fell 0.4% from March to a seasonally adjusted annual rate of 5.19 million in April.



FOR SALE

Total housing inventory at the end of April increased to 1.83 million, up from 1.67 million existing homes available for sale in March (1.7% increase from 1.80 million a year ago).

As reported by the National Association of Realtors®

Boost Buying Power

We are commonly asked, “How much home can I afford?” This is a valid question, but it should actually be rephrased to “How much home can I afford *given today’s mortgage rates?*” To understand buying power, you must first understand the impact your mortgage rate has on how much house you can buy. As interest rates fluctuate and your budget remains the same, this can increase or decrease how much home you can afford, known as buying power. Even small changes may drastically impact your budget, which in this case is the maximum monthly payment you are comfortable having. Here are ways to give your buying power a boost:

- **Improve your Credit Profile:** Your FICO score may have the largest impact on the interest rate you receive, and reviewing your credit report annually is critical. Inaccuracies can bring your score down and clearing those up with your creditors can be just a phone call away. Also, consider NOT consolidating several credit accounts into just one. Your credit profile looks heavily at account utilization and having a few credit cards with lower balances can be a better way to manage your debts.
- **More Income?** Consumers are increasingly looking at secondary income sources like driving for rideshare or delivery services. This extra income can reduce your debt to income ratio (DTI) and may help you qualify for a larger loan amount. Specific underwriting guidelines exist so always consult with your HFG Licensed Mortgage Professional. If more income is not feasible, look at paying down current debt. Reducing expenses has the same impact and can provide a more favorable interest rate.
- **You Don’t Need 20% Down:** The myth of needing a large down payment is busted, even at higher purchase prices. If you have a certain budget for housing costs, you can take advantage of mortgage programs that may require as little as 5% or less for down payment. Keep in mind that a lower down payment may factor into a higher rate, so a careful balance with guidance from a professional is key in sticking to a mortgage payment you are comfortable with.

New Loan Application Coming

The mortgage application form (commonly referred to as a 1003) has remained mostly unchanged over the last 20 years. In a sweeping move to ‘modernize’ the form, a new mortgage application will be required in early 2020. With numerous positive updates included, Homeowners Financial Group will keep our clients and partners informed over the next 6 months as we continue to be your market expert.

