

Mortgage Matters

May 2019

The most successful mortgages always start with Homeowners.

snapshot



HOME VALUES

Median existing home price up 3.8% from last year:
\$259,400 Mar 2019
\$249,800 Mar 2018



EXISTING SALES

Total existing-home sales fell 4.9% from February to a seasonally adjusted annual rate of 5.21 million in March.



FOR SALE

Total housing inventory at the end of March increased to 1.68 million, up from 1.63 million existing homes available for sale in February.

As reported by the National Association of Realtors®

The Down Payment Myth

As we march past the annual tax filing period, the IRS reports that Americans have received an average refund of \$2,795, totaling a staggering \$235.975 Billion in refunds for all taxes accepted as of April 12, 2019.* Whether receiving an average refund or that surprisingly big check, many use the funds to splurge on a luxury purchase or vacation. Yet financial experts often advise using this 'extra' money to pay down existing debt, start an emergency fund, invest in a retirement plan, or even use it for down payment funds in purchasing a new home. Wait, what? If you are of the 88%** that believe a down payment of more than 5% is required to purchase a home, keep reading.

Mortgage products have expanded over the last couple decades to allow for many more interested homebuyers to fulfill their dream of homeownership. We are busting the myth that it requires 20% down or more and would like to help you explore how your recent tax refund can help you purchase your first or next home:

- Conventional loans are available up to 97%. Yes, with just 3% down, you can own a home. Varieties of these options include lower mortgage insurance for clients in certain income categories. This minimal down payment option is available to both first-time buyers as well as repeat buyers looking to move up.
- FHA offers down payment options as low as 3.5% along with flexible qualifying terms. This is a great option for clients that may not have a perfect credit profile or hiccups in their recent history. Mortgage Insurance due at closing can also be financed into the loan, further reducing the funds needed to close.
- For current Servicemembers or honorably discharged Veterans, we appreciate your service. The U.S. Department of Veterans Affairs (VA) offers 100% financing and may even waive the standard Funding Fee for disabled Veterans hurt in the line of duty. Eligibility is required, so please check with a professional to see if you can take advantage of this amazing no down payment option.

Homeowners Financial Group has partnered with multiple state and local agencies to further provide Down Payment Assistance (DPA), which can be combined with these options and even cover closing costs. Extra benefits are available to Teachers and First Responders, and we love to help these clients purchase in the communities they serve. It is time to let go of the down payment myth - if you want a place to call home, call Homeowners Financial Group.

*<https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-april-12-2019>

**<https://www.urban.org/research/publication/barriers-accessing-homeownership-down-payment-credit-and-affordability-2018>

