

# House Talk From the Heart

Issue 131

News From Christine Schlittenhart, Your Agent with Heart

December 2018

## Heart to Heart

HAPPY 1<sup>ST</sup> BIRTHDAY TO VISTA REALTY GROUP!! It's truly hard to grasp that Vista Realty Group has already been in business for a full year, as we launched publicly last December 5<sup>th</sup>. It was a true leap of faith, but because of YOU, my loyal and dedicated clients, my new brokerage was very successful and outperformed my projected dreams and goals. You also helped me make the 2018 Placer County Association of Realtors Master's Club, by closing at least 4.5 million dollars in sales for the year. Thank you again for believing in me!

My Christmas wish for all of you is to experience a full month of contentment and peace, along with the joy that is felt from giving to others. Merry Christmas to you all!



## Proverb of the Month

*"Anxiety weighs down the heart,  
but a kind word cheers it up."*

*Proverbs 12:25*

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## MERRY CHRISTMAS!

While doing research for this newsletter, I came across some interesting Christmas facts I thought you'd enjoy:

- The image of Santa Claus flying his sleigh began in 1819 and was created by Washington Irving, the same author who dreamt up the Headless Horseman.
- The Montgomery Ward department store created Rudolph the Reindeer as a marketing gimmick to encourage children to buy their Christmas coloring books.
- The original Rudolph did not have a red nose. In that day and age, red noses were seen as an indicator of chronic alcoholism and Montgomery Ward didn't want him to look like a drunkard. To complete the original picture, he was almost named Reginald or Rollo. (Crack me up!!)
- Clement Moore's poem introduced eight more reindeer for Santa's sleigh and their names were Dasher, Dancer, Prancer, Vixen, Comet, Cupid, Duner and Blixem (for the German words for thunder and lightning). These later evolved into Donner and Blitzen.
- Most of these names are male-sounding names. Male reindeer shed their antlers in winter, however, so the reindeer pulling Santa's sleigh are more than likely female.



# Fannie and Freddie Raise Conforming Loan Limits for 2019

(Provided by Randy Carter with Movement Mortgage)

Buyers can get a little more house with a Fannie, Freddie loan next year, thanks to a 6.9 percent increase in average home values nationwide. The so-called conforming loan limit on mortgages backed by Fannie Mae and Freddie Mac will rise next year by the same percent, to \$484,350 in most of the country and to \$726,525 in high-cost areas including seven Bay Area counties.

Loans that exceed the Fannie-Freddie limits are called jumbos. Historically, they cost a bit more than conforming loans, but today the opposite is true, at least for the best-qualified borrowers.

Recently, a well-known bank was charging an annual percentage rate of 4.99 percent on conforming loans and only 4.54 percent on jumbo loans (both assuming a 25 percent down payment). Nationwide, the average rate is 5.01 percent on conforming and 4.9 percent on jumbo mortgages, both with a 20 percent down payment.

Although conforming loans may cost a little more, it's quite a bit easier to qualify for a Fannie-Freddie loan than a jumbo. For jumbo loans, the borrower typically needs a larger down payment, higher credit score, lower debt-to-income ratio and higher "reserves," or savings left after closing. Although underwriting requirements vary depending on the borrower's overall financial situation and type of home, to get the best rate jumbo lenders typically want at least 20 percent down, a minimum credit score of 680 to 720, a debt-to-income ratio no higher than 43 percent and "reserves" equal to at least six months of mortgage payments.

By comparison, Fannie and Freddie will accept down payments as low as 5 percent (and 3 percent in certain cases), FICO scores as low as 620, a debt-to-income ratio up to 49 percent and in some cases, no cash reserves.

Lenders demand more paperwork with jumbo loans, and there's more variability in pricing. Fannie-Freddie underwriting is much more structured.

Borrowers with a 690 credit score and less than 20 percent down will probably pay less for a conforming loan than a jumbo.

In the Bay Area, where the median price of a home or condo purchased in September was \$815,000, jumbo mortgages accounted for 39.5 percent of total home purchase loans and 60.5 percent of the dollar volume of purchase loans originated that month.



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## CELEBRATION CORNER!

### Happy Birthday Wishes To:

Lissa Vargas, Missy Van Sloten  
& Tamara Crismon (12-4)  
Betsy McDevitt (12-6)  
Nick Paskey (12-11)  
Cacey Nicole Klein (12-13)  
Laura Bishop & Mark Wingo (12-19)  
Casey Lynne Klein (12-23)  
Kristin Moore (12-25)  
Phil de Campos (12-28)  
Diane Allison (12-30)

### Happy Wedding Anniversary:

Tom & Lori Baril (12-5)  
AJ & Amelia Lutz (12-23)  
Ralph & Lisa Cutter (12-29)



## THE CAMP FIRE IS CREATING CA'S NEXT HOUSING CRISIS

There is nothing on the scale of the Camp Fire in modern American history, but if you want to find the closest analog for what comes next, the 2017 Wine Country Fires are it. They held the record of the most destructive fires in California history for all of a year, destroying thousands of houses and apartments in Napa and Sonoma counties. Rents spiked in the immediate aftermath.

We also saw an influx of homes that have never been rented before. These properties were likely people's vacation homes or short-term rentals that were opened up to people displaced by the fires.

Expect to see rental prices in Chico and communities near the Camp Fire similarly rise in the next 2-3 months. But that's pretty much where the comparisons end, because the regions are so different.

Many people, at least in Napa and Sonoma, moved further afield into the East Bay or San Francisco or even the South Bay. There were a lot more options for people displaced from Santa Rosa [the city at the epicenter of the 2017 fires] compared to people displaced from the Camp Fire.

While the Bay Area is dealing with an affordable housing crunch, it still has more options than Butte County and the area near the Camp Fire. It also had to absorb dramatically fewer displaced people and lost far fewer housing units. In Butte County, the over 18,000 homes lost in the fire represent 13 percent of the county's housing stock. There's unlikely to be space for everyone who wants to stay in the immediate aftermath. (CA Association of Realtors)

## LISTING OF THE MONTH



**END OF THE YEAR SALE** on this Stunning, Entertainer's Dream Home 11 minutes from Auburn. 4-5 bedrooms, 6 bathrooms, 5359 square feet (plus addl 542 of unfinished sf) all on 2.4 acres. Custom finishes & appliances. \$749,500.00

## HIGH DTI RATIOS PROMPT MORE MORTGAGE DENIALS

A high debt-to-income (DTI) ratio has superseded poor credit history as the number one obstacle for mortgage applicants. Though the number of borrowers who have been denied a mortgage has steadily declined over the last few years, nearly one in 10 were turned away in 2017. About 30 percent of those denials were attributed to debt-to-income ratio.

There has been a gradual increase in the average debt-to-income ratios among mortgage applicants over the last few years, rising from 35.1 in 2012 to 38.6 in 2018. Rising application DTI is likely a reflection of the erosion of affordability, as home prices have risen much faster relative to wage growth. A typical household's mortgage payment (principal and interest only), for example, have climbed quickly due to fast-rising home prices and a higher interest rate. In the event of a negative income shock, higher DTI loans are at greater risk of default. (Source: CoreLogic)

## CLIENTS OF THE MONTH



First Time Home-Buyers, Tyler and Ashleigh Sands, are the proud new owners of a home in Weimar. The Sands were able to purchase this home through a VA loan and the Seller was also a Vet. I watched Ashleigh grow up with my boys, which gave me double joy to help this adorable couple and young family. Congrats!!



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## **RECIPE OF THE MONTH**

### **SPICED CHRISTMAS NUTS**

1 tablespoon egg white  
2 cups pecans or walnuts  
1/4 cup sugar  
1 tablespoon ground cinnamon

- Heat oven to 300 degrees.
- Mix egg whites and pecans until pecans are coated and sticky.
- Mix sugar and cinnamon in separate bowl.
- Sprinkle sugar/cinnamon mixture over pecans, stirring until sugar mixture completely coats pecans.
- Spread on un-greased cookie sheet.
- Bake 20 minutes.



Cool completely and then store in mason jars or Christmas containers. Decorate with raffia or bows and give as Christmas gifts. It makes a wonderful, and delicious homemade gift. (Above recipe makes about 2 cups.)