



Steve's Mortgage Notes

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What is the first thing you think about?

**Steve Van De
Beuken**
(520) 235-6862
StevenV@Altitude
HomeLoans.com
NMLS#224527

What is the first thing you think about when you are contacted by a first time home buyer? Do you think "Good luck!"? Do you think about how high home prices have gotten? Do you think "I wish mortgage interest rates were better for these people!"?

Do you WISH your clients had a bigger down payment? The WISH program offers a match of 4 to 1 for first time home buyers to a maximum of \$30,000. If your client contributes \$2,000 toward the purchase of a home, the WISH program offers \$8,000. If your client brings \$7,500 to the table, the WISH program contributes \$30,000!

Inflation has made it tough to save money for many would-be home buyers. The recent Realtor compensation rule change only adds to the list of expenses buyers are responsible for (down payment, closing costs).

The down payment assistance from the WISH program comes in the form of a five year forgivable loan. The loan must be paid back if

the homebuyer sells or refinances within the first five years of ownership. After five years, the loan is forgiven and the lien is released.

The WISH down payment assistance program isn't for everyone. There is an income limit of \$69,654 for a family of four. Still, the next time you hear from a first time home buyer, your first thought should be WISH. There are up to 30,000 reasons to see if your clients qualify before they make any offers.

Interest rate update

Wait for this. Wait for that. Wait for the election to be over. Well, the election is almost over. The Fed meets again on Wednesday and I expect another 0.25% cut to the Fed Funds rate.

EVENTUALLY mortgage interest rates will follow the direction of the Fed Funds rate but we may have to WAIT until after the holidays for mortgage interest relief.

Here is a look at [the average interest rates from Mortgage News Daily](#):

**30 year fixed rate 7.09% (6.9% last week)
15 year fixed rate 6.49% (6.37% last week)**



Bits and Pieces

[Pending home sales jumped by 7.4% in September](#). Remember September? Mortgage interest rates were down. Mortgage rates have risen since then but this is still great news. The September spike tells us that demand exists if interest rates get near 6%.....Have you heard about [the "rentvesting" trend](#)? Rentvesters rent homes in high cost areas to live in but invest in real estate in less expensive markets. These people recognize the value of real estate and target affordable markets to gain entry.....If your marketing plan includes targeting a generation, choose Gen Z. [Only 8% of Gen Z own homes](#). If

Gen Z follows the homeownership pattern of previous generations, another 66% of this generation will buy homes in the coming years.....
.....The National Association of Realtors tells us that existing home sales have [fallen to the lowest level since 2010](#). Lawrence Yun says existing home sales may pick up after the election. The sky didn't fall in 2010. Sales will pick up eventually. The sky isn't falling today either.

Oh no! Mortgage delinquency is on the rise. [Serious delinquency is up 5.9%](#). Late mortgage payments are an indication that the economy isn't doing so well. We need our clients to be successful. On the other hand, a cooler economy would bring lower mortgage interest rates.....
.....The cat is out of the bag. MSN published a story about [Realtor phrases and what they mean](#). You know what the phrases are. "Cozy" may actually mean small. "Potential" could indicate that the home needs some work.....Newsweek answers the the question: ["When should you refinance your mortgage?"](#). The news magazine pointed out several instances where it makes sense. Refinancing makes more sense the lower interest rates get. It doesn't make sense if you are moving soon.....These are national numbers but they are stunning. Data from the National Association of Realtors shows that home [buyers that purchased in 2019 are \\$158,000 richer today](#) because they bought a home. Tell me again how renting is better than buying a home?!

Quote of the Week

**"All I ask is a chance to prove that money can't make me happy."
-Spike Milligan**

I have to tell you about a client I had last week. The couple I'm talking about was adamant about making a 20% down payment. They didn't want to pay for mortgage insurance. I completely understood. Why pay for mortgage insurance when you can make a 20% down payment?

They had the 20% but they also had \$25,000 in credit card debt. I asked them what the interest rates were on the credit cards. They didn't know but we could see on the credit report that the minimum payments on the credit cards totaled \$1,750 per month. The purchase price was \$300,000 and the buyers had the 20% down payment (\$60,000). I talked them in to making a 10% down payment and using the other \$30,000 to pay off their credit card debt and pad their savings account. The mortgage insurance and additional principle and interest totaled \$350. Much less than the \$1,750 in credit card payments.

Mortgage insurance can be a good thing. A 20% down payment isn't always the best option.

For the record, [the average interest rate on credit cards these days is 24.72%](#). I looked it up.

Thank you for reading. Have a great week!

StevenV@AltitudeHomeLoans.com



Altitude Home Loans | 1885 N Kolb Rd St 210 | Tucson, AZ 85715 US

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