



Spring Outlook

By: Bob Gerson, Sr. VP Mortgage Officer

Dear Friends, Colleagues and Clients:

As we move into spring and summer, we all have noticed a bit of a bump in the rates. At one point the cost of loans were pretty close to the low 3's for conforming loans for those with excellent equity and financials. This bump was driven by an increase in the GDP as well as the easing of the unemployment figures throughout the country. Rates are remaining as low as they are because the government is still buying back mortgages to the tune of \$85 billion per month to keep historic rates low.

Another shift in our lending arena revolves around the FHA loans. The FHA is increasing their mortgage insurance rates as well as not forgiving the monthly insurance on some types of terms. This is a definite deterrent for those who are paying their loans down to gain equity in their properties. A majority of these loans will be able to refinance without the mortgage insurance after 11 years, a difference of 6 yrs. from the previous rules.

As refinancing starts to slow down, our purchases become a more important part of the mortgage business.

Being a buyer is not a fun position to be in due to factors such as lack of inventory, offers going over asking price, lack of loan contingency's (cash buyers) and selling at a more rapid pace –those homes priced correctly will go quickly.

So, our advice as always is to get pre-qualified before you even think about looking with a Realtor. When your loan is approved be prepared to source deposits that are not related to income and remember...more documents and more documents! Just a never ending process as lenders fear being caught up when they sell their loans to Fannie and Freddie with a new Consumer Protection Bureau adding regulations to protect the consumer breathing heavily down their necks. We will see these reforms in process next year as a new Good Faith Estimate and Truth in Lending documents will be finalized enabling everyone to get thoroughly confused with these forms. The standard APR will be replaced as well.

Final Note! Don't forget about sending your CPA or Tax accountant your HUD1 Final statements to get your tax deductions in for any loan that closed in 2012

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