



Americans are taking cash out of their homes and it's costing them

Source: The Wall St. Journal

Many Americans who need cash are taking it out of their homes but at higher interest rates.

Over the past two years, a big chunk of homeowners took on higher interest rates when they refinanced to tap their home equity. These cash-out refinancings, as they are known, free up money homeowners can use to pay down credit-card debt, renovate or invest in a new property.

Nearly 60% of cash-out refinancings in 2018 came with higher interest rates, the biggest share since before the financial crisis, according to

Black Knight Inc., a mortgage-data and technology firm. This year, that number fell to around 44% of cash-out deals, but it remains at more than three times its average between 2009 and 2017.

Making sense of the story:

- For some homeowners, the trade-off is worth it. While mortgage rates have crept up, they are still lower than what borrowers would pay if they tapped a credit-card or home-equity line of credit.
- The average 30-year fixed mortgage rate has been under 4% for much of the year. That is low by historical standards, but higher than periods in 2012, 2013, 2015 and 2016 when borrowers last flooded the market.
- The use of cash-out refinancings worries some economists because it echoes the pre-crisis era, when homeowners used their homes like ATMs. Consumers who struggle to pay mortgages that have swelled due to a cash-out refinancing risk losing their homes. Credit-card debt, by contrast, is unsecured.

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Competition for housing is so high, the spring market is starting now

Source: CNBC

The severe shortage of homes for sale is upending the sales calendar

for the whole housing market. Spring has historically been the busiest buying season, but as competition for homes heats up across the country, January is the new April. Spring starts now.

The numbers are telling. From 2015 through 2018, the peak month for average views per listing on Realtor.com was April. January lagged by a full 16%. In 2019, however, January was the busiest month on the site in 20 of the largest 100 metropolitan markets.

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Housing outlook 2020: 'A good year to purchase,' experts say

Source: Fox Business News

Waiting for a good time to get in on the housing market? Experts forecast that it's likely to be another banner year in 2020.

Mortgage experts forecasting that rates will remain low in 2020 say

that from a homebuyer's perspective, affordability is really great.

According to a report from Realtor.com, mortgage rates are expected to average 3.85 percent and home prices are predicted to rise just 0.8 percent across the U.S. this year – with declines occurring in 25 percent of the 100 largest metro areas.

However, challenges are expected to remain for first-time buyers. A lack of inventory at the entry-level section of the market is one negative trend that is expected to carry on into 2020. And while Realtor.com expects to see an increase in demand in the entry-level segment – driven by an uptick in Millennial activity – it expects competition to be amplified.

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You can buy ‘cheap’ in L.A. But you won’t own your home and may oust a renter

Source: Housing Wire

Properties such as a two-bedroom unit in a renovated building or fourplex are popping up in pricey and gentrifying neighborhoods across Los Angeles, giving the middle class a chance to buy in communities they otherwise would struggle to afford.

But the buyers of such homes aren’t purchasing a condo and won’t actually own their individual unit. They’ll own a share of the larger property as a controversial form of co-ownership — called tenancy in common, or TIC.

Unlike a condo, the buyer of a TIC unit doesn’t actually own the unit. In that way, it’s closer to a New York co-op, in which buyers purchase a share in a corporation that owns a building.

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Consumers overspend by \$7,400 a year

Source: CNBC

For most households, sticking to a budget is apparently far easier said than done.

Even though most consumers (74%) say they have a budget, 79% of them fail to follow to it, according to research from crowdsourced shopping platform Slickdeals.net.

On average, the weekly amount that people spend — not including bills like mortgage or rent, utilities, etc. — is \$340, or \$143 more than the average \$197 budgeted. That extra spending equals roughly \$7,400 each year.

If going over your budget is causing credit card debt to pile up or is standing in the way of your ability to reach other goals, there are some ways to rein yourself in, financial advisors say.

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Mortgage rates start 2020 well below last year's average

Source: Housing Wire

In the first week of the year, the average U.S. fixed rate for a 30-year

mortgage averaged 3.72%, according to the Freddie Mac Primary Mortgage Market Survey. As mortgage rates remain favorable, buyers are likely to get a head start on the spring shopping season in the first couple of months of this year.

Talking points:

- Not only is this rate below the previous week's average, but it's also nearly 80 basis points below the 4.51% of the year-earlier week.
- According to the survey, the 15-year FRM averaged 3.16% this week, sliding from last week's rate of 3.19%. This time last year, the 15-year FRM came in at 3.99%.
- The five-year Treasury-indexed hybrid adjustable-rate mortgage averaged 3.46% this week, inching forward from last week's rate of 3.19%. Last year, the 5-year ARM averaged 3.98%.

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