beyond the headlines

8 Things you can learn from a first-time homebuyer boot camp

Source: U.S. News & World Report

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Making sense of the story:

- A first-time homebuyer class can be key to pointing out steps you may have previously been unaware of, walk you through some of the challenging aspects and help you identify the right timing and location for your home purchase. Here are eight things you'll learn in a first-time homebuyer boot camp.

- Your credit history is important. You've probably heard this once or twice already, but a first-time homebuyer class starts with the basics – and the most basic thing you can know about buying a home is that your credit matters when you apply for a mortgage.

- Preapproval is a must. Beyond your credit, mortgage preapproval is key to both setting a budget and looking good to sellers. Being preapproved means a loan underwriter has examined your financial credentials and, barring any issues with the home's condition or appraised value, confirms you qualify for a certain mortgage amount.

- You may qualify for assistance programs. Lenders often offer or are able to be a part of larger mortgage programs that make it easier for you to purchase a home – whether it's a down payment assistance program, a grant for the purchase price of your home or another form of monetary assistance.

- Next are offers, going under contract and due diligence. Once you've found the right house, naturally it comes time to make an offer and begin negotiations. Those leading the boot camp can provide details about this part of the process that are specific to your state or city, as local laws can have a significant impact on each part of the process.

- Closing and beyond. In an overview of homebuying, the natural end seems to be when you close on your home and take possession of the property. But there's so much more to homeownership that can serve as an unpleasant surprise if you're not ready.

Full story
https://www.cnbc.com/2017/08/02/housing-demand-strengthens-but-heres-why-some-buyers-are-giving-up.html

In other news…

FHFA: HARP extended through 2018

Source: Housing Wire

The government's Home Affordable Refinance Program (HARP) was all set to end next month, Sept. 30, to be exact, but that's not the case anymore.

The Federal Housing Finance Agency announced Thursday that it is extending HARP through Dec. 31, 2018, adding an additional 15 months onto the program's already extended lifespan.

In June 2014, then-Treasury Dept. Secretary Jacob Lew announced a series of initiatives designed to spur the flailing housing market, including the extension of the Home Affordable Modification Program until Dec. 31, 2016.

Later, in May 2015, the FHFA announced that the deadline that it was extending the deadline for HARP to the end of 2016 as well, matching the deadline of the HAMP.

But just about one year ago, the FHFA again announced that that it was delaying the end of HARP, this time until Sept. 30, 2017.

At the time, the FHFA said that it was extending the crisis-era refinance program until Sept. 30, 2017 in order to "create a bridge" to a new refinance product it was planning to launch in October 2017.

Full story
https://www.housingwire.com/articles/41024-fhfa-harp-extended-through-2018

Jumbo loans get less expensive

Source: CNBC

Total mortgage application volume barely moved last week, down 0.5 percent from the previous week, according to the Mortgage Bankers Association. That's the second consecutive seasonally adjusted week of minimal moves.

Mortgage applications to refinance a home loan rose 0.3 percent from the previous week and are 38 percent lower than the same week one year ago, when rates were lower. The refinance share of total applications did rise to its highest level since January, at 48.7 percent of total applications.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances of $424,100 or less remained unchanged from the week prior, at 4.12 percent, with points increasing to 0.39 from 0.38, including the origination fee, for 80 percent loan-to-value ratio loans. That is the lowest rate since the week of the Nov. 8 presidential election.

The average interest rate for jumbo loans, greater than $421,100, however, fell 5 basis points to 3.99 percent for the week. The jumbo rate is now 13 basis points lower than the conforming rate, the largest spread between the two since March 2016.

Full story
https://www.cnbc.com/amp/2017/08/23/weekly-mortgage-applications.html

California housing market remains solid with sales, price gains

Source: Mortgage Professional America

The California housing market saw sales and prices improve from year-ago levels in July, indicating a solid market in spite of supply and affordability challenges, according to the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.).

The market posted a seasonally adjusted annual rate of 421,460 closed escrow sales of existing, single-family detached homes in July, representing the 16th consecutive month where the figure stayed above the 400,000 benchmark. The July rate fell 1.1% from the 443,120 revised level in June, but increased 0.9% from the 417,680 revised rate in July 2016.

"As we enter the second half of the year, we are likely to see some slowdown in sales that extends beyond the typical seasonality change," said C.A.R. President Geoff McIntosh. "While the rate of closed sales indicates that California's housing market has continued to move forward, tight supply continued to push up prices and lower affordability, which can ultimately undermine the housing market by putting homeownership out of reach for too many households."

Full story
http://www.mpamag.com/news/california-housing-market-remains-solid-with-sales-price-gains-76521.aspx

California's housing crisis was decades in the making

Source: Sacramento Bee

Millennials are finally starting to get active in the real estate market. After the 2008 financial crisis, many millennials returned home to live with their parents or shared expenses with roommates. Now, millennials 36 and younger represent the nation's largest share of home buyers at 34 percent, according to the National Association of Realtors.

We know the problem well. We live it. Other than Hawaii, California has the ignominious distinction of leading the nation in housing costs, and not by a little.

A San Francisco apartment costs more than one in New York City. A Silicon Valley home is beyond reach of all but the wealthy. A 2015 Legislative Analyst's Office report said homes here cost two and a half times more than the average national price. It gets worse by the day.

Companies expand elsewhere because workers can't afford to live here. For workers who stay, commutes are interminable because they live far from their jobs.

No fewer than 15 housing-related bills await legislators upon their return Monday. Some would provide tax incentives so the working poor can afford decent housing, and homeless people can find shelter. Others would streamline approval for new homes so millennials can own a piece of the American Dream, or at least share it with a bank.

Full story
http://www.sacbee.com/opinion/editorials/article167974537.html

Freddie Mac: 30-year mortgage rate hits new low for 2017

Source: Housing Wire

Mortgage rates decreased for the fourth consecutive week and the 30-year mortgage hit a new low for 2017, according to Freddie Mac's Primary Mortgage Market Survey.

The 30-year fixed-rate mortgage dropped to 3.86% for the week ending August 24, 2017. This is down from last week's 3.89% but up from 3.43% last year. The 15-year FRM held steady at 3.16%, an increase from last year's 2.74%.

Full story
https://www.housingwire.com/articles/41080-freddie-mac-30-year-mortgage-hits-new-low-for-2017

What you should know

- The strong sales momentum that occurred during the peak home-buying season gave way in July as shrinking housing inventory and waning affordability stifled pending home sales, which declined both from the previous month and year, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) said today.

- Based on signed contracts, year-over-year statewide pending home sales fell in July on a seasonally adjusted basis, with the Pending Home Sales Index (PHSI)* declining 2.6 percent from 122.5 in July 2016 to 119.4 in July 2017. California pending home sales also edged down on a monthly basis for the first time since March, decreasing 0.9 percent from the June index of 120.4.

- Pending home sales have declined on an annual basis for six of the last seven months so far this year, however, the pace of decline has slowed in recent months. After a solid run-up of pending sales growth in April, May, and June, continued housing inventory issues and affordability constraints may have pushed the market to a tipping point, suggesting the pace of growth will begin to slow in the fall.

- The Southern California Region was the only major region to record an increase in pending sales from the previous year – the third straight annual gain. Los Angeles, San Bernardino County and Orange County saw healthy spikes of 4.0 percent, 6.0 percent, and 4.6 percent, respectively. Pending sales in San Diego (-5.8 percent) and Riverside (-4.2 percent) counties declined from last July.

- Pending sales in the Central Valley slipped 0.3 percent from the previous year, led by a 17.8 percent annual decrease in Sacramento County. Additionally, Kern County reversed a healthy pending sales gain in June and decreased 2.6 percent from last July.

- The San Francisco Bay Area experienced the largest drop in pending sales in July, falling 11.5 percent on an annual basis. San Francisco and San Mateo counties, two of the state's most expensive markets, were both down in double-digits, 11.0 percent and 21.4 percent, respectively. Santa Clara County, where home prices also are at all-time highs, saw pending sales decline 9.8 percent from a year ago.