



# beyond the headlines



## **Equifax data breach could lead to years of grief for home buyers**

*Source: Washington Post*

The catastrophic theft of 143 million consumers' personal data from national credit bureau Equifax could cause financial grief for years for home buyers and mortgage applicants. The odds are that some of your sensitive information was stolen — possibly your address, Social Security number, driver's license and credit card numbers — and could now be up for grabs to the highest bidders on a Dark Web site.

Making sense of the story:

- Equifax and the other two national bureaus, Experian and TransUnion, keep files on approximately 220 million individuals, so roughly two-thirds of consumers are potentially at risk from the breach. Ironically, the people who are called “credit invisibles” — the millions of Americans with little or no information in the bureaus' files — may be the least affected by Equifax's security lapse.
- Home buyers and mortgage applicants, on the other hand, tend to have significant information on file at the bureaus and could run into complications soon or down the road.
- If your personal information was hacked but you don't do anything to detect fraudulent activity on one or more of your credit accounts, you'll have problems. For example, you sign a contract to buy a house, and you apply for a mortgage. The lender pulls your credit and confronts you with shocking news: Your FICO credit score is too low for you to qualify for the loan because you've been running up too much debt on one or more accounts.
- Additionally, say your lender already has approved you for a mortgage or a home-equity loan. Before the scheduled closing, the loan officer does what has become standard practice in the mortgage industry in recent years — runs another credit check to make sure no new debts have been added since your application. But in the meantime, identity-theft criminals have created a new account or run up charges on one or more of your credit cards, knocking your debt-to-income ratio out of sight.
- Consumers are advised to “lock down your files” with fraud alerts or credit-file freezes. The latter can prevent criminals from creating accounts in your name by denying access to your credit reports. The former signals potential creditors to take extra steps to verify identity before issuing new credit in your name.

Full story

[https://www.washingtonpost.com/realestate/theft-of-data-could-lead-to-years-of-grief-for-home-buyers-and-mortgage-applicants/2017/09/12/ed0f66fc-971a-11e7-82e4-f1076f6d6152\\_story.html?utm\\_term=.9a34b974c756](https://www.washingtonpost.com/realestate/theft-of-data-could-lead-to-years-of-grief-for-home-buyers-and-mortgage-applicants/2017/09/12/ed0f66fc-971a-11e7-82e4-f1076f6d6152_story.html?utm_term=.9a34b974c756)

## **In other news...**

### **Home staging could pay for itself and increase seller equity**

*Source: NAR Economists' Outlook Blog*

According to 31 percent of REALTORS® who work with buyers, staging a home before listing it for sale on the market could have a price increase of up to five or 10 percent. On a \$300,000 home, that could add between \$15,000 and \$30,000, paying for the cost of home staging and increasing a seller's equity.

In a new NAR report 2017 Profile of Home Staging, 59 percent of REALTORS® who work with sellers said that staging a home could increase the dollar value buyers offer. Twenty-nine percent said it can increase the dollar value offered by one to five percent and 21 percent said it could increase the dollar value offered by six to 10 percent. If there is no impact on dollar value, home staging can help speed up the time it takes to sell a home, 62 percent said it slightly or greatly decreased a home's time on market.

#### **Full story**

<http://economistsoutlook.blogs.realtor.org/2017/09/05/home-staging-could-pay-for-itself-and-increase-seller-equity/>

### **How immigrants are transforming the American Dream**

*Source: Realtor.com*

The impact immigrants have on U.S. real estate is growing, as 13 percent of the nation's population—about 42 million people—hails from foreign countries, according to the National Conference of State Legislatures. “Immigrants are a big driving force for housing markets across the nation,” Kusum Mundra, an economics professor at Rutgers University in Newark, N.J., told realtor.com®. “Most want the American dream, which is to own a home.”

But the road to homeownership for immigrants can be challenging. It takes an average of five to 10 years for immigrants to be able to purchase a home after arriving in the U.S., says Gary Painter, director of social policy at the University of Southern California's Sol Price Center for Social Innovation. In 2016, about 40.7 percent of immigrants were homeowners compared to 66.1 percent of native-born Americans, according to a realtor.com® analysis. “Just like those born in the U.S., [immigrants] view home buying as putting down roots in the community,” Painter says. “On average, where immigrants are settling, property values have gone up.”

#### **Full story**

<https://www.realtor.com/news/trends/immigrants-homeownership/>

## **Co-borrowing to buy a home is gaining popularity**

*Source: Market Watch*

Home buyers are increasingly taking on co-borrowers to help gain an edge, defray costs and shoulder the burden in a housing market characterized by relentless demand and tight inventory.

A new report from real estate information provider Attom Data shows that in the second quarter, 22.8 percent of mortgage purchase applications involved a co-borrower, up from 21.3 percent in the prior quarter and 20.5 percent in the year earlier.

There are dozens of programs, and a few private companies, that act as co-borrower by offering down payment in return for a share of equity in the home.

Full story

<http://www.marketwatch.com/story/co-borrowing-to-afford-a-home-is-gaining-popularity-whos-doing-it-and-why-2017-09-06>

## **Granny flats are on the upswing**

*Source: San Gabriel Valley Tribune*

Accessory dwelling units are increasingly being used by homeowners to add small secondary housing options on their property. These “granny flats” may be in the form of a converted garage or even a tiny home in an oversized backyard.

As more municipalities look to grant permits for these structures, some hope the trend can help alleviate housing shortages. Many forms of guest houses were deemed illegal in California up until recently. But a new law that took effect at the beginning of this year makes ADUs easier to add, leading to an upswing of these units in the state. If just 10 percent of California’s single-family homeowners added granny flats to their properties, 600,000 new units could be added to the state’s housing supply, according to USMondularInc, a firm that specializes in secondary housing units.

However, homeowners who put in a granny flat or convert a garage without permits could face a stiff penalty. Some homeowners have had to convert the areas back to their original purpose once city regulators discovered the change. But as more lawmakers open up to the idea, housing analysts believe ADUs will gain popularity and spark more demand for properties that have them.

Full story

<http://www.dailybulletin.com/2017/09/10/granny-flats-are-on-the-upswing-and-theyre-not-just-for-grannies-anymore-6/>

## California's housing costs are driving its No. 1 poverty ranking

Source: KPCC Radio

New figures from the U.S. Census Bureau show California has the country's highest poverty rate, with nearly one in five residents facing economic hardship when factoring in living costs such as housing.

The California Budget and Policy Center blamed high rents for keeping 20.4 percent of the population in poverty. Sara Kimberlin, a senior policy analyst at the center, said fair market rent for a two-bedroom apartment in the most populated parts of the state is more than \$1,500 a month. But if someone is looking to spend 30 percent of their income on rent — what is generally considered reasonable — a minimum wage worker would only be able to budget \$546 a month. That means a single mother earning that income, for example, wouldn't be able to find an affordable place for herself and her children.

Full story

<http://www.scpr.org/news/2017/09/12/75575/california-s-housing-costs-are-driving-its-no-1-po/>

### What you should know

- Home buyers and homeowners are taking advantage of some of the lowest interest rates in a year. Mortgage applications for refinancings and home purchases jumped 9.9 percent higher last week on a seasonally adjusted basis, the Mortgage Bankers Association reported Wednesday. Still, the MBA reports the weekly index remains about 19 percent lower the same week a year ago, which is mostly attributed to a decrease in refinancing applications.
- The 30-year fixed-rate mortgage averaged 4.03 percent last week, dropping from 4.06 percent the week prior, the MBA reports.
- Applications for home purchases soared 11 percent last week and are now 7 percent higher than a year ago, the MBA reports.
- Applications for refinancings increased 9 percent during the week. Refinance applications, however, are still 35 percent lower than the same week a year ago, when interest rates were lower.
- Mortgage rates began moving higher this week, as concerns abated about North Korea, which had pushed investors to the relative safety of the bond markets. Investors began pulling out of bonds this week, causing interest rates to rise. Mortgage rates loosely follow the yield on the 10-year U.S. Treasury.