



Formerly Cobalt Financial Corp.

4811 Telegraph Ave., #511
Oakland, CA 94609



Viral (Vic) Joshi

Branch Manager/
Loan Consultant

Cell: (510) 853-2407

DRE Lic. #01242935

NMLS #244388

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get my entire loan pipeline locked in rate-wise to help my clients capture the fleeting all-time low rate environment. Rates are still extremely low, but getting to the all-time low levels of 2012 will happen just like this, on a day or two once every many months, as long as the stock market continues to be at the current heady levels.

Purchase business is brisk out there, but it is very difficult for buyers to get in contract because of the lack of inventory and the multiple offer environments. It feels a little bit like 2003-2005 when multiple offers were inflating home prices across California and properties were appreciating, on paper, at 10% to 20% per year. Month over year from last year alone, home prices have been increasing 10% to 17% in some areas of the country! With rates at historically low levels, there are a lot of buyers out there trying to get in, but this lack of inventory is taking a toll. I have read multiple articles indicating that many buyers are coming in with cash and trying to purchase from the seller directly prior to the seller listing the property on the Multiple Listing Service. Many realtors working with buyers are trying to sweeten their offers by shortening the standard loan and appraisal contingency periods from the standard 17 days to as little as 7 days!

In the current low rate environment where refinance business is still close to record levels, a 7-day loan contingency is basically the same as having a no-loan contingency since no lender can perform in 7 days, especially since the appraisal is part of clearing the loan. If it takes at least a week to get back an appraisal, even if the loan was submitted for final approval on the date of contract, it would still take more than 7 days for the lender to receive the appraisal and clear it in underwriting.

Also, the rules have been changing over the course of the last five years and there is much more red tape at every step in the process. Just to order an appraisal, the lender has to have received the loan

packet and send out their disclosures to the borrower, that need to be acknowledged by the borrower, before the appraisal order can even go in. That process can take from two to five business days so the appraisal order doesn't even go in for a few days from the date of contract, assuming the borrower is ready to submit their entire loan packet for approval on the date of contract. I think a minimum, realistic loan and appraisal contingency period is 14 days from date of contract, but it could happen in 10 days if the loan packet is ready to go on the date of contract and the borrower is willing to pay a little extra to rush the appraisal.

Another way that some buyers are trying to get into contract is to go to a listing agent for a property that the buyer is interested in and asking the listing agent to double-end the deal and take the buyer's offer without the buyer having their own agent. This may be attractive to the listing agent as there are two commissions to be earned on a double-ended transaction, but buyer beware. The listing agent's first allegiance is to the seller, without whom the listing agent wouldn't even have the listing to begin with. There may also be some ethical issues here if the listing agent pushes through an offer that is not in the seller's best interest in order to earn the second commission. It is always more advisable for a buyer to have their own representation. Remember that the seller is the one paying for the buyer's agent's commission and not the buyer. A good buyer's agent should be able to work a deal with a seller that works for all parties and allows the buyer to have an unbiased advocate throughout the process.

As always, your loan guy,
Viral (Vic) Joshi

P.S. If you want to get more timely market updates, I have a weekly newsletter that goes out via e-mail. E-mail me, viral@vicjoshi.com, so that I can put you on the mailing list.

Vic's

Mortgage Report

"Home of Free Mortgage Consultation"

Viral (Vic) Joshi

Branch Manager/
Loan Consultant



Hello Friends,

It took four months for rates to come back to the lowest levels last seen in the first week of

December 2012, but we finally made it back in the first week of April 2013. It felt like this year was going to be bit slower than last year's record pace, especially in the first quarter of 2013 with the rate hike. All of a sudden, on Monday April 1st, how appropriate, the market fooled me and it felt like a nuclear bomb dropped in my office. Application volume increased dramatically all week and many new buyers have been trying to work with me in addition to all of the refinance volume.

I had been waiting for the stock market to reverse on itself and see some selling that would move investor dollars into the bond market as a precursor to a rate drop. We did see some minor selling coupled with more economic turmoil out of the European Union, but it wasn't as significant as I thought it would be, yet money was flowing back into the bond market and we touched the low again on the morning of 4/5. By the afternoon, rates started moving up again and as of 4/10, the date I am writing this update, rates are heading back a little higher off of the low with the Dow continuing to hit new all-time high levels. I was fortunate enough to recognize the fleeting rate drop and

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Office: (510) 655-2868

Cell: (510) 853-2407

Fax: (510) 291-2824

viral@vicjoshi.com

www.vicjoshi.com