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increasing the Fed Funds rate of interest, currently at .25%. As I have indicated many times in the past, this is when mortgage rates will start to rise even further and faster as the Fed goes on a path of increasing its target interest rate, which will impact all other rate indices for mortgages and other types of consumer debt.

More Jumbo product is hitting the market and I have even seen some lenders start coming back with some stated income product, naturally at higher rates of interest. Despite the high rates for stated income loans, that also require lots of equity or down payment, seeing this type of product come back to the market is a good sign that mortgage lending may finally start easing up after seven years of tightening.

Lawmakers are also pushing to try and get the Federal Housing Administration to lower the cost of FHA mortgage insurance and loosen some of their guidelines to help more prospective home buyers to receive mortgage financing. The current tight lender requirements are impacting the number of first-time and lower income home buyers from getting into the market as we watch property prices start to soar again due to the overall lack of inventory.

Another good indicator that mortgage lending is easing up can be seen in the lower rates that are now being offered for Home Equity Lines of Credit, HELOCs. Since the mortgage meltdown that started in 2007, HELOC rates went up as much as Prime + 3%, or more, from where they were. Now some of the

institutional lenders and even some credit unions are starting to offer HELOC rates closer to Prime, which is currently at 3.25%. Many of you who took out low interest HELOCs where the rates were at Prime or even at Prime minus, are being faced with an end to the HELOC draw period where the balance will soon convert to a fixed rate at whatever the current lender determines is market rate for a 15-year fixed, second mortgage. It may be time to start looking to your credit union or large institutional lender for a replacement HELOC now that rates are coming down for those products and HELOC lending guidelines are easing up in regards to the amount of equity required to close a new HELOC. Also, property appreciation may help some of you in getting a new HELOC or even a first mortgage refinance if you were showing little to no equity in your property over the course of the last seven years.

If you want to consult with me on what options are available to you for your current residence or rental property, please feel free to call me for a free consultation. If I don't have a product for you or I am not offering the best interest rate for a HELOC or other mortgage product, I am certainly happy to refer you to a bank that can suit your needs, even if there is no commission involved for me.

*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/
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*Hello Friends,
Interest
rates for
zero points
continue to
remain in the
current range
of 4.25% APR*

— 4.5% APR for conforming 30-year fixed mortgages. 15-year fixed is holding steady around a .5% lower and breaking below 4% APR for zero points. The conforming high balance rates are all around .25% higher for both products with loan amounts between \$417,000 and \$625,000 for single family residences, condos, and townhomes. Interestingly, Jumbo rates for loans above \$625,000, for those same property types, have seen rates very close to those being offered for conforming high balance loans. The Adjustable Rate Mortgages, ARMs, are currently in the 3.25% APR — 3.875% APR range for zero points depending on the introductory, fixed interest term. These fixed terms are usually 3, 5, 7, and 10 years. So overall, interest rates are between .75% - 1.0% higher now than they were a year ago when we were last at the lowest point before rates started to increase.

The Federal Reserve members are continuing to point to 2015 as the starting point for them to start

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