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actually dropped by 400k. These numbers speak to the dovish stance that Yellen is taking regarding increasing interest rates.

As I have mentioned in past issues of this newsletter, former Fed Chair Ben Bernanke was looking to start increasing the Fed Funds rate once the unemployment rate fell below 6.5%. We have been below that mark for most of this year and yet no rate hike, due to the continued weakness in the jobs market and Yellen's cautionary approach. We are still anticipating a rate hike in 2015 with the Fed Funds likely ending up to somewhere around 1% - 1.5% by the end of 2015, up from the current historic low of .25%.

Switching gears, the purchase market continues to be ultra-competitive and most of my clients looking to purchase have been putting at least a 20% down payment to put in competitive offers on the properties that they want to purchase. For many of these buyers, especially the first-time home buyers, putting 20% down means having to ask family for help in the form of a "gift." Gift funds are not reported by the lender or the lender's investor to the IRS and are merely written into the underwriting guidelines as any funds given to the buyer from family or a domestic partner. The guideline requires a gift letter executed by both parties, the gift donor and the gift recipient, identifying all parties, the nature of the relationship, the amount of the gift, and the source of the gift. Along with the gift letter, the lender will require proof of the receipt of gift evidencing the transfer of funds from the gift donor to the gift recipient. The gift funds can

either be transferred to the buyer or directly into escrow via a wire transfer or a check deposit. The ideal way to transfer funds is via wire transfer since a wire will have a clear receipt identifying the account the transfer was made from and the account that received the transfer. If depositing a check, make sure that copies are made of the front and the back of the check prior to deposit. Also, in the case of a check deposit, the lender will require a copy of the account statement or summary from the recipient account showing that the funds are available and reflecting that the deposited check had cleared. Cash deposits are not acceptable as lenders do not allow "mattress money" to be used as part of the transaction. All funds must come from a bank account, but cash funds can be deposited into the gift donor's bank account prior to transferring the funds to the gift recipient with no problem. The lender doesn't ask for the bank statements from the gift donor and only requires the gift letter and proof of transfer of funds to allow the gift to be part of the transaction.

Feel free to contact me directly if you want to discuss this guideline or anything else pertaining to mortgage and real estate.

*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.

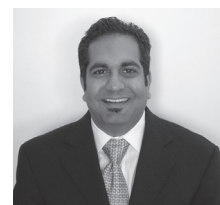
*Vic's*

# Mortgage Report

*"Home of Free Mortgage Consultation"*

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*Hello Friends,*  
**T**he most recent Federal Open Market Committee meeting didn't reveal

anything that we didn't already know. Quantitative Easing 3 (QE3), which includes the Fed's aggressive bond purchasing program will end by October of this year. Fed Chair Janet Yellen is still concerned with the weakness in the jobs market and is likely to wait at least six months after the end of QE3 before looking to increase the Fed Funds rate of interest, which will cause all mortgage rates to start to rise.

June's job numbers, while showing an increase of 288,000 jobs compared to the 215,000 jobs anticipated, does reflect some weakness in that many of those jobs are part-time, while full-time jobs actually declined. The unemployment rate fell from 6.3% to 6.1%. This number is derived from the Household Survey, which showed a gain of 407k jobs. But when you break down where those jobs came from, about 800k came from part-time and temporary job gains, but full time employment

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