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increasing interest rates because she is more concerned with the weakness in the job markets. We are still anticipating a rate hike in 2015 and I have recently been advising some of my clients to wait on purchasing until the rate hike rather than chase a market that is rising due to a lack of inventory and a glut of buyers.

If you are in the market to purchase and want to capture the still relatively low interest rate, I would caution against taking a conservative approach to the price you offer since the competition is sometimes 30 buyers deep on any given property. If you are not aggressive with the price you are willing to offer, you may as well wait until prices start to drop again once the Fed starts increasing interest rates. The standard purchase contract comes with an appraisal and loan contingency, so regardless of the price that you offer, if you require a mortgage to purchase the property, the lender will lend based on either the purchase price or the appraised value, whichever one is lower. This means you can be aggressive with your offer price and then use the appraisal as a bargaining chip, in case the appraisal comes in lower, since your loan amount will be based on that lower value.

Another result of the current price appreciation bubble we are experiencing, again due to the lack of inventory and the glut of potential buyers, is that refinancing, which wasn't an option when prices were lower, is now an option

for many more home owners. Those of you with Private Mortgage Insurance or FHA Mortgage Insurance may be able to refinance your loan and remove the mortgage insurance and save hundreds of dollars per month. The current price appreciation may be fleeting, so getting the current mortgage refinanced now while prices are high may only be an option for a year or two, until rates move up and prices start to drop.

Also, those of you who are self-employed may be able to get a mortgage again soon. Stated income loans for self-employed borrowers are starting to come back into the market. The requirements are tough to meet with lenders requiring the stated income borrower to have as much as \$250,000 in banked reserves to qualify.

As credit continues to become more available, I will mention any new products as they become available. Feel free to contact me for a free consultation if you want to see what options are currently available.

*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
fell to a
seven month
low in the last
weeks in May,
somewhere
around*

4% APR on a conventional 30 year fixed loan that conforms to Fannie Mae and Freddie Mac loan limits. Despite the 70%+ decline in refinances from last year at the same time, we have recently seen a slight uptick in refinance applications. Purchases continue to be down due to the overall lack of inventory in the market. Until the Fed increases their target Fed Funds rate of interest, currently at .25%, this lack of inventory is likely to continue. A Fed rate increase will affect mortgage rates and cause them to rise, thereby eliminating many of the buyers who can currently qualify for mortgages due to the low rates that are currently available. I believe this increase in rates and reduction in qualified buyers will cause sellers to put their properties on the market as a reaction to the changing market.

Janet Yellen, the current Fed Chair, is taking a cautious path to
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