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decline in inflation will lead to improvements in Mortgage Bonds and mortgage rates. Lower mortgage rates will increase the number of buyers in the market, many of whom had to get out of the market when higher mortgage rates prevented them from being able to qualify for their home purchases. A combination of low inventory and lower mortgage rates will continue to put upward pressure on home prices. Hopefully, as home prices increase, more homeowners will bring their homes to market to capture the increased sales prices.

I think the best time to purchase was around the beginning of the year when rates were higher and buyers were able to negotiate lower home prices and large seller concessions to be used to pay for closing costs or for buydowns that would give the buyer some mortgage rate relief for the first one, two, or three years of a 30-year mortgage term. These buydown options still exist in the market, but I don't know for how long now that mortgage rates are falling and sellers aren't feeling as much pressure to give concessions.

All borrowers who purchased over the last 12 months will be refinancing one or two times starting this year and into 2024. Once inflation comes back to the Fed's target of 2% inflation, we should see the Fed start to cut the Fed Funds rate while

mortgage rates will continue to decline. I don't know if we will ever get back to the 2s and 3s of 2020 and 2021, but I think being in the 4s could happen as early as next year, 2024.

If you or anyone you know took out a mortgage over the past 12 months, now is the time to check in and start seeing if a mortgage refinance could be beneficial. Most of the refinances I have worked on over my 26 years have been for zero closing costs where the lender pays the closing costs through the interest rate. If you want to learn more about these options, please feel free to reach out to me or to schedule a meeting in my calendar by going to my website:

<https://vicjoshi.com/>

*As always, your mortgage guy,
Viral (Vic) Joshi
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Vic's Mortgage Report

"Home of REAL Mortgage Advice®"



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MORTGAGE

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My mission is to help buyers qualify for the best loan available for their circumstance. I spend a generous amount of time with each client to educate them about how the mortgage industry works, through free "Mortgage 101" consultations, so they can make good decisions and get the best loan possible. I've revamped my website to give clients the best resources to supplement my consultations.

When I'm not doing loans, I'm an avid scuba diver and certified Rescue Diver. Eventually, I'd like to become a dive instructor, so I can share the joys of this ocean sport with others.

I give back to the Monterey Bay Aquarium, Divers Alert Network (DAN), and the National Outdoor Leadership School (NOLS).

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Spring Buying Season Is Here

Hi Friends,

The spring home-buying season is starting to heat up in my area and it is starting to feel a lot like 2020 and 2021 again. Many of the home buyers I have pre-approved for mortgages are having a difficult time getting into contract on their home purchases, due to increased competition and multiple offers over the asking prices. The combination of a historic lack of inventory and mortgage rates starting to fall from the 21-year high we experienced in October 2022 is pushing home prices back up again. I had one buyer in Oakland lose out on a Single-Family Residence, SFR, that was listed at \$1,050,000. They offered \$1,650,000! Incredibly, this was not the highest offer and they agreed to go into backup position while continuing their home search.

In the Bay Area, since 2003, the convention has been to lowball the list price to create an auction environment. This common practice is geared towards driving traffic to the property and increases the number of multiple offers for each listing. We are used to seeing overbidding for properties in this area, especially a place like Oakland, but this one was a real eye-opener. Buyers have been losing patience with the severely low amount of inventory and are greatly overbidding in some less desirable areas, just to get into a property. And this is with 30-year fixed mortgage interest rates still over 6% APR! Incredibly, 6% APR is down from October 2022 when the rates were more like 7.5% APR. For some of you who remember the 1980s,



7.5% APR is way lower than the 14% and 18% market mortgage interest rates that were available during those super-high inflation years.

Inflation continues to move lower as the Federal Reserve's rate hikes to the Fed Funds rate is slowing the economy. Consumer inflation has decreased with the Consumer Price Index, CPI, falling from 6% in February of this year to 5% in March of this year. On the wholesale side, the Producer Price Index, PPI, has seen a significant decline from 4.9% to 2.7% on an annual basis, strongly indicating that wholesale inflation is moving in the right direction. This

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"What can I do to help ensure a successful mortgage closing?"

- *The 7-Step Guide to Selling Your Home!*
- *Understanding the Underwriting Process!*

...And More Stuff Every Homeowner Should Know