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Fed lends to banks overnight. The Fed Funds is now at 1.75%, which means Prime is now at 4.75%. The Fed has indicated that they will increase the Fed Funds rate another two to three times this year and each increase

I am working with many home owners who need cash for home improvements, debt consolidation, college tuition, relationship separations, and purchasing other real estate through first-mortgage, cash-out refinances to achieve these goals.

will be in .25% increments. This means the Prime Rate could be as high as 5.5% by the end of 2018.

HELOCs will feel these rate increases directly, while fixed-rate mortgages will not feel as direct an effect immediately after each rate hike. Eventually, fixed-rate and adjustable-rate mortgages all follow the Fed Funds. Right now, mortgage rates are still relatively low from a historical perspective. The

average on 30-year fixed rates over the past 30 years has been around 8.5% and we are still hovering around 4.5% APR.

I am working with many home owners who need cash for home improvements, debt consolidation, college tuition, relationship separations, and purchasing other real estate through first-mortgage, cash-out refinances

to achieve these goals. Property prices in California are still at lofty levels and many home owners have enough equity in their properties that can be tapped in a first-mortgage, cash-out refinance now.

With rates moving up, we will see a slowing in property value appreciation and may even see home values decrease in the coming years. Despite the mortgage rate increases, a cash-out refinance may be the best solution to many home owners' needs.

Feel free to reach out to me for a *free mortgage checkup* to see if your mortgage is working for your needs.

*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.

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Vic's

Mortgage Report

"Home of Free Mortgage Consultation"

Viral (Vic) Joshi

Branch Manager/
Loan Consultant



Hello Friends,
With tax season having concluded, now is a good time to check in

and see if your current mortgages are optimal for your situation. Home Equity Lines of Credit, or HELOCs, no longer provide for a tax benefit because the new tax laws took away the interest deduction for HELOCs. Despite the recent uptick in mortgage interest rates, many home owners still need to tap the equity in their homes for a number of reasons and HELOCs are not as attractive an option due to the changes in the tax code as well as the fact that HELOC interest rates are directly connected to the Prime Rate, which moves every time the Federal Reserve increases their target rate.

Remember that the only consumer interest rate that is directly affected by the Fed is Prime and Prime is always 3% higher than the Fed Funds, which is the rate of interest the

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