



## No Rate Hike By Federal Reserve But Mortgage Rates Higher

The Federal Reserve wrapped their first meeting of 2018 today, January 31. No change was made to the benchmark Fed Funds rate however mortgage rates are noticeably higher than last month and as high as they've been in 3 years.

The bond market is where mortgage rates are determined and these securities are highly sensitive to possible future economic growth and inflation. While inflation is still rather low, the recently passed tax reform package has created an economic growth spurt that has bond traders a bit nervous about what will happen over the coming months. Hence an expectation that the Fed will raise rates faster and more frequently than the three 2018 rate hikes that are already expected. Mortgage rates are rising to stay ahead of this curve.

Lastly, this was the last meeting for Fed Chair Janet Yellin and Jerome Powell, a current Fed Governor, is taking over the leadership position.



## What's In A Rate?

We are often asked "what are interest rates today?" In years past that was much easier to answer. That's because there are now many variables in determining rates for individuals and the rate you're offered depends on your own specifics.



Lenders use some two dozen criteria to determine interest rates for individual borrowers, which include:

- Loan Size and LTV (loan-to-value)
- Credit Score and Credit History
- Escrows for Tax/Insurance or Waived
- Closing Date (30, 45 or 60 days)
- Loan Type (conventional or government)
- Property Type (single family, 2 unit, etc.)
- Occupancy Type (primary vs. rental)
- Available Assets (down pmt. Assistance?)
- Co-borrowers (occupy or non-occupy)
- Debt to Income Ratio
- Improvements Needed of Not
- Documentation Type (alt. doc vs. full doc)
- Adjustable or Fixed Rate
- Cash-out or Rate/Term (refinance)

We can quickly help you find what is the best rate for you.

## On The Fence About Buying A Home?



With higher interest rates expected this year, the cost of waiting to buy could be significant.

In the Albuquerque metro the average loan amount is \$180,000. If rates go up an additional half percent this year that would mean the payment would be 6% higher (\$53/month more) and you'd pay nearly \$4,000 more in interest over the first 5 years of ownership. And this doesn't take

into account that home prices are increasing as well.

You might be surprised that at today's rates you can purchase a 3 bedroom, 2 bath home and your payments will often be less than what you are paying in rent.

Minimum down payment is typically 3% to 3.5% and it can often be reduced further with government grants and other special programs. Additionally, any closing costs can be reduced or eliminated with seller contributions, discounts through Group Mortgage Benefits and our preferred lender, Pinnacle Capital Mortgage. Call us for details on what your options would be and we can answer all your questions... for no charge of course!

## New Mexico Real Estate Update

2017 was another record-setting year for New Mexico's housing market. There were 22,221 sales reported to the Realtors Association of New Mexico. This is an 11%+ increase over 2016 and is the highest number of reported sales since 2008.

The majority of New Mexico counties saw an increase in sales during 2017. The best gains were in Bernalillo, Eddy, Dona Ana, San Juan, Santa Fe, and Valencia counties. The reported 2017 median price of \$190,000 is also higher than the median reported since 2008.

## Loan Limits Increased

The maximum loan amounts for conventional, (Fannie Mae/Freddie Mac), and government, (FHA/VA), mortgage programs have increased for 2018. This means more home can be had at the lowest rates and best terms.

The limit for Conventional and VA loans is now \$453,100. It was \$424,100. For most of NM the new FHA limit is \$294,515, up from \$271,050.

## We Are Your Local Resource

Our local and experienced "GMB" professionals are here to help you whether you need a mortgage or not. Please feel free to call us with your questions. Our network of lenders, Realtors and other service providers are at your disposal for advice and information at no charge or obligation.

*People think you are crazy if you talk about things they don't understand.*  
 ~ Elvis Presley

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