



Federal Reserve Holds Rates Steady

The Federal Reserve announced today, (August 1), that for now they are maintaining the current benchmark Fed Funds rate at 1.75% - 2%. This comes as no surprise since it was just increased .25% at their last meeting seven weeks ago. It is highly unusual for the Fed to increase rates in two consecutive meetings as the effects of the previous increase have yet to be determined.

Mortgage rates are mostly flat today, but are slightly higher since the Fed meeting in June due mostly to overall economic data. In today's statement by the Fed they stated household income has "grown strongly" and upgraded the view of the economy as 'strong'. In June they noted it as having "solid growth". All of this points to another rate hike at their next meeting in September.



How Much Down Payment?

A recent survey by NAR, (the National Association of Realtors) showed that a staggering 87% of non-owners thought that a down payment of 10% or more would be necessary to buy a home.

In fact, during 2017 the average down payment made by first-time home buyers was less than 6%.

It is true that a down payment of 20% or more is ideal since that would eliminate the need for mortgage insurance. But for most first-time buyers that is unrealistic. This is what led to the creation of the Federal Housing Admin. (FHA) in 1934.



For decades those that used this source of financing were able to buy homes with 3.5% down. Since then the creation of Fannie Mae, Freddie Mac and the Mortgage Insurance industry has allowed for down payments as low as 3%. And since 1944 veterans have been able to buy with zero down.

Don't confuse these programs with the type of loans that caused the housing crisis 10 years ago. These have been around for many years and allowed millions to start building wealth by acquiring their first home.

Of the 4 investments listed, Real Estate is the only one you can live in!

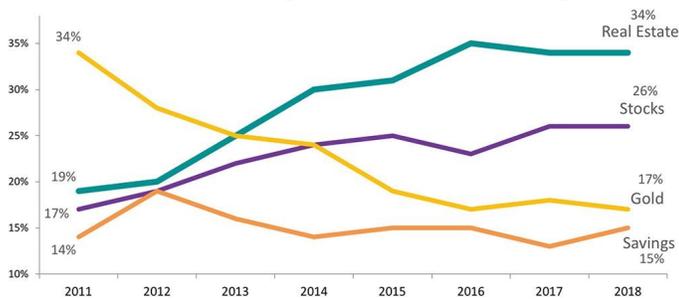
And generations agree...
 Millennials, 29%
 Generation X, 37%
 Baby Boomers, 34%

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*Source: Gallup

Americans Rank Real Estate Best Investment for 5 Years*

Real Estate has come a long way since 2011 when 34% of Americans favored gold as the best investment. It has outranked stocks/mutual funds, gold, saving accounts/CDs and bonds as the best long-term investment among Americans for the last 5 years.



"GMB" and our mortgage lender partners have helped many attain their dream of home ownership. If you are interested to see what your options are just ask us. We can show you quickly, with no pressure and at no charge.

New Mexico Real Estate Update

The New Mexico housing market continues to set records! In June, over 3,000 home sales were reported for the 2nd consecutive month. Median prices also continue to climb. The June median of \$210,000 represents the highest monthly median price in over a decade.

While the number of active listings across the state has continued to increase each month during 2018, there are still a number of areas in the state reporting low inventories. The lack of inventory is one of the factors bringing the June average days on market to a monthly low for the year at just 66 days

Why Mortgage Insurance?

A lender's risk of foreclosure is greatly reduced when the home owner has at least 20% equity in the property. "MI" protects the lender by covering that amount and allows financing when there is less than 20% equity.

If you were to borrow 95% of your home's value and then defaulted, the MI company would cover the amount between 80% & 95%. Most MI can be eliminated after a period of time which we can assist with.

"I often quote myself. It adds spice to my conversation."
 ~ George Bernard Shaw

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